Service Management
- exam synthesis material – part 1

Mihai Pascadi

1. SERVICES: Role, Nature

Services: D1

- A service is an activity or series of activities
  - of more or less intangible nature
  - that normally, but not necessarily, take place in interactions between
    - 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.

"(Christian Gronroos, Service Management and Marketing,Lexington, Mass: Lexington Books, 1990, p. 27.)"

Services: D2

- Most authorities consider the services sector to include
  - all economic activities whose output
    - is not a physical product or construction,
    - is generally consumed at the time it is produced, and
    - provides added value in forms (such as
      - convenience,
      - amusement,
      - timeliness,
      - comfort, or
      - health) that
  - are essentially intangible concerns of its first purchaser.

(James Brian Quinn, Jordan J. Baruch, and Penny Cushman Paquette, Scientific American, vol. 257, no. 2, December 1987, p. 50.)

Classifying economic activities (including services) by the EU

https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF

134. The following table presents the "high-level SNA/ISIC aggregation A*10/11":

	ISIC Rev. 4/ NACE Rev. 2 sections	Description
1	A	Agriculture, forestry and fishing
2	B, C, D and E	Manufacturing, mining and quarrying and other industry
2a	C	*Of which: manufacturing*
3	F	Construction
4	G, H and I	Wholesale and retail trade, transportation and storage, accommodation and food service activities
5	J	Information and communication
6	K	Financial and insurance activities
7	L	Real estate activities*
8	M and N	Professional, scientific, technical, administration and support service activities
9	O, P and Q	Public administration, defence, education, human health and social work activities
10	R, S, T and U	Other services

* which includes imputed rents of owner-occupied dwellings

	A*38 code	ISIC Rev. 4/ NACE Rev. 2	Divisions
1	A	Agriculture, forestry and fishing	01 to 03
2	B	Mining and quarrying	05 to 09
3	CA	Manufacture of food products, beverages and tobacco products	10 to 12
4	CB	Manufacture of textiles, apparel, leather and related products	13 to 15
5	CC	Manufacture of wood and paper products, and printing	16 to 18
6	CD	Manufacture of coke, and refined petroleum products	19
7	CE	Manufacture of chemicals and chemical products	20
8	CF	Manufacture of pharmaceuticals, medicinal chemical and botanical products	21
9	CG	Manufacture of rubber and plastics products, and other non-metallic mineral products	22 + 23
10	CH	Manufacture of basic metals and fabricated metal products, except machinery and equipment	24 + 25
11	CI	Manufacture of computer, electronic and optical products	26
12	CJ	Manufacture of electrical equipment	27
13	CK	Manufacture of machinery and equipment n.e.c.	28
14	CL	Manufacture of transport equipment	29 + 30
15	CM	Other manufacturing, and repair and installation of machinery and equipment	31 to 33
16	D	Electricity, gas, steam and air-conditioning supply	35
17	E	Water supply, sewerage, waste management and remediation	36 to 39
18	F	Construction	41 to 43
19	G	Wholesale and retail trade, repair of motor vehicles and motorcycles	45 to 47
20	H	Transportation and storage	49 to 53
21	I	Accommodation and food service activities	55 + 56
22	JA	Publishing, audiovisual and broadcasting activities	58 to 60
23	JB	Telecommunications	61
24	JC	IT and other information services	62 +63
25	K	Financial and insurance activities	64 to 66
26	L	Real estate activities*	68
27	MA	Legal, accounting, management, architecture, engineering, technical testing and analysis activities	69 to 71
28	MB	Scientific research and development	72
29	MC	Other professional, scientific and technical activities	73 to 75
30	N	Administrative and support service activities	77 to 82
31	O	Public administration and defence, compulsory social security	84
32	P	Education	85
33	QA	Human health services	86
34	QB	Residential care and social work activities	87 + 88
35	R	Arts, entertainment and recreation	90 to 93
36	S	Other services	94 to 96
37	T**	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	97 + 98*
38	U**	Activities of extra-territorial organisations and bodies	99*

* including imputed rents of owner-occupied dwellings
** All of U and part of T (division 98) are outside the SNA production boundary, and will be empty for SNA data reporting, but are included for completeness.

Services features

1. Intangibility
2. Perishability
3. Inseparability
4. Heterogeneity
5. Ownership
6. Simultaneity
7. Quality measurement
8. Nature of demand
9. Customer Participation
10. Customized / Taylored / Personalized
11. Quota in the Added Value

https://www.slideshare.net/sanchitgangar/classification-and-characteristics-of-a-service/2

1. Intangibility

- Can not be touched (not physical objects)
- Seeing, touching, hearing, smelling or tasting the goods – not applicable to services
- Services not known the the customer before taking them

2. Perishability

- Value of service exists at the point when it is required
- Services perish as they are used
- Services last for a specific time and cannot be stored like a product for later use

3. Inseparability

- From the service provider
- Therefore: the service provider is part of the service
- Production and consumption of services go hand in hand

4. Heterogeneity

- Difficult to standardize the quality

5. Ownership

- No transfer of ownership as for goods

6. Simultaneity

- The moment of delivery = moment of consumption

7. Quality measurement

- Tools required
- Service Level
- Difficult to rate-quantify

8. Nature of Demand

- Fluctuating in nature
- Abnormal, sudden, seasonal, situational, dependent
- A service, once consumed, cannot be returned

9. Customer participation
Customer is co-producing the service

10. Customer participation
Many services are tailored to the specific need of the Customer

11. Quota in the Added Value
When a package of services and products is being delivered, the
Overall classification of the package is based on the dominant quota
(goods vs services)

The blurry border between goods and services
The goods-services continuum

Element	Core Goods Example	Core Service Example
Business	Custom clothier	Business hotel
Core	Business suits	Room for the night
Peripheral goods	Garment bag	Bathrobe
Peripheral service	Deferred payment plans	In-house restaurant
Variant (differentiating from competitors)	Coffee lounge	Airport shuttle

TABLE 1.4
Typology of Services in the 21st Century

Source: Adapted from Bryson, J. R., P. W. Daniels, and B. Warf. *Service Worlds: People, Organizations, Technologies.* New York: Routledge, 2004, p. 33.

Core Experience	Essential Feature	Examples
Creative	Present ideas	Advertising, theater
Enabling	Act as intermediary	Transportation, communications
Experiential	Presence of customer	Massage, theme park
Extending	Extend and maintain	Warranty, health check
Entrusted	Contractual agreement	Service/repair, portfolio mgt.
Information	Access to information	Internet search engine
Innovation	Facilitate new concepts	R&D services, product testing
Problem solving	Access to specialists	Consultants, counseling
Quality of life	Improve well-being	Health care, recreation, tourism
Regulation	Establish rules and regulations	Environment, legal, patents

WHOLESALE TRADE   RETAIL TRADE

Theater
Travel agency
Agent Robot
Restaurant
Car rental
Hotel
Airline

1

Professional Services
Computer and Related Services
Research and Development Services
Real Estate Services
Rental/Leasing Services without Operators
Other Business Services

Legal Services
Accounting, auditing and bookeeping services
Taxation Services
Architectural services
Engineering services
Integrated engineering services
Urban planning and landscape   architectural services
Medical and dental services
Veterinary services
Services provided by midwives, nurses, physiotherapists and para-medical personnel
Other

1

Professional Services
Computer and Related Services
Research and Development Services
Real Estate Services
Rental/Leasing Services without Operators
Other Business Services

Advertising services
Market research and public opinion polling services
Management consulting service
Services related to man. consulting
Technical testing and analysis serv.
Services incidental to agriculture, hunting and forestry
Services incidental to fishing
Services incidental to mining
Services incidental to manufacturing
Services incidental to energy distribution

Placement and supply services of Personnel
Investigation and security
Related scientific and technical consulting services
Maintenance and repair of equipment (not including maritime vessels, aircraft   or other transport equipment)
Building-cleaning services
Photographic services
Packaging services
Printing, publishing
Convention services
Other

2

Postal services
Courier services
Telecommunication services
Audiovisual services
Other

3

General construction work for buildings
General construction work for civil engineering
Installation and assembly work
Building completion and finishing work
Other

5

Commission agents' services
Wholesale trade services
Retailing services
Franchising
Other

Primary education services
Secondary education services
Higher education services
Adult education
Other education services

4

6

7

Sewage services
Refuse disposal services
Sanitation and similar services
Other

All insurance and insurance-related services
Banking and other financial services
Other

8

Hospital services
Other Human Health Services
Social Services
Other

9

Hotels and restaurants (incl. catering)
Travel agencies and tour operators services
Tourist guides services
Other

10

Entertainment services (including theatre, live bands and circus services)
News agency services
Libraries, archives, museums and other cultural services
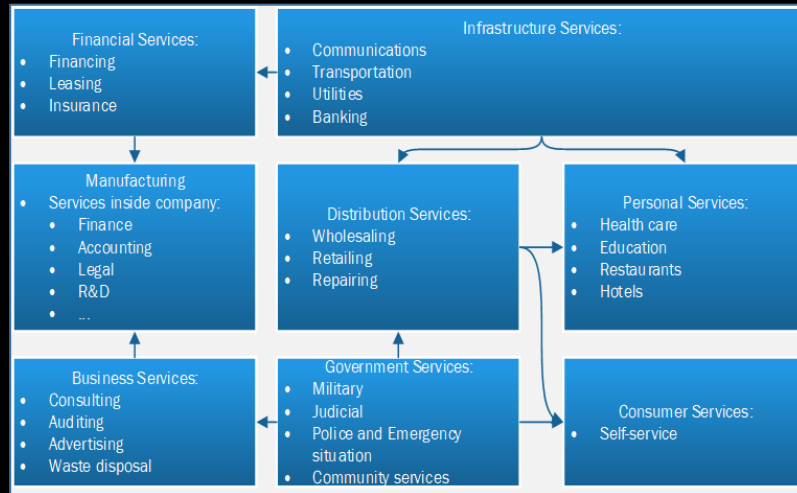Sporting and other recreational services
Other

11

Maritime Transport Services
Internal Waterways Transport
Air Transport Services
Space Transport
Rail Transport Services
Road Transport Services
Pipeline Transport
Services auxiliary to all modes of transport
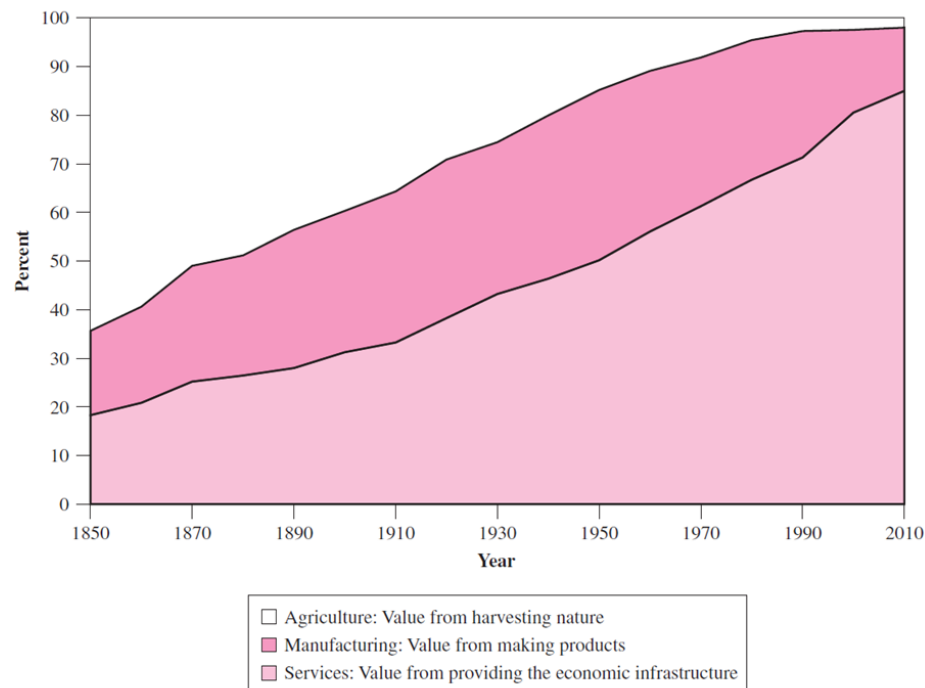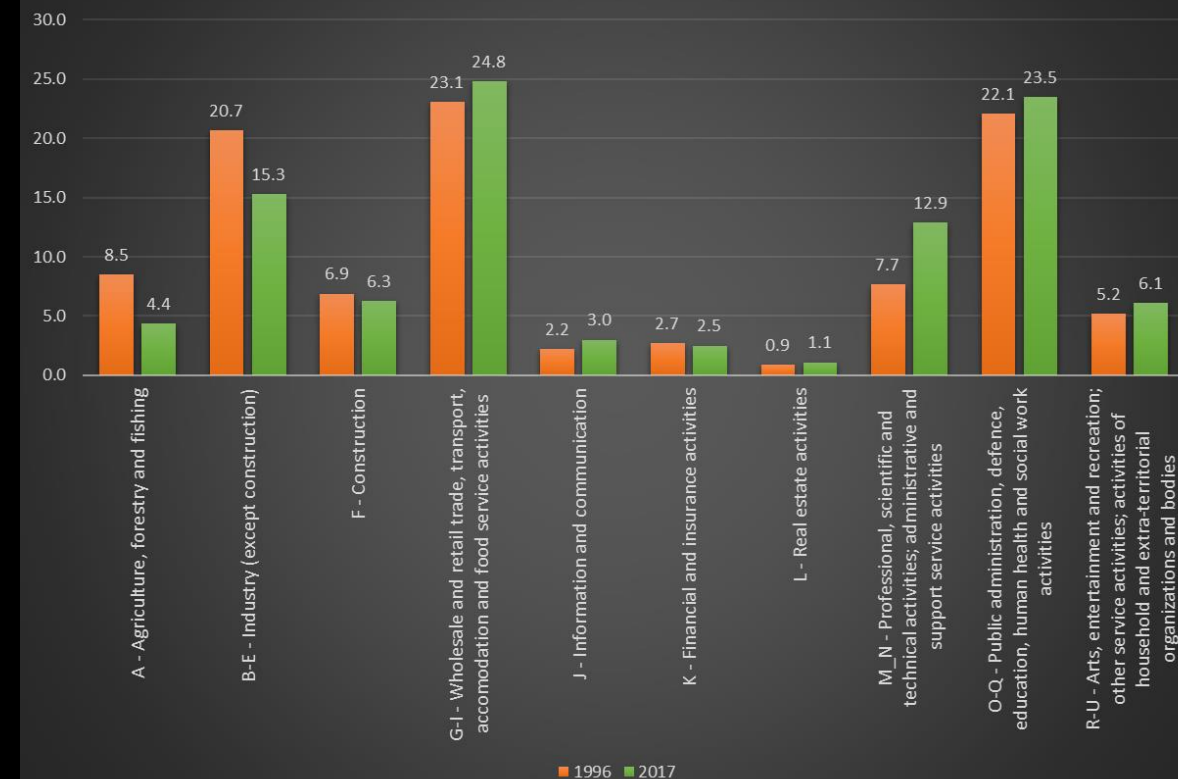
Services for services

Financial Services:
- Financing
- Leasing
- Insurance

Infrastructure Services:
- Communications
- Transportation
- Utilities
- Banking

Manufacturing
Services inside company:
- Finance
- Accounting
- Legal
- R&D
- ...

Distribution Services:
- Wholesaling
- Retailing
- Repairing

Personal Services:
- Health care
- Education
- Restaurants
- Hotels

Business Services:
- Consulting
- Auditing
- Advertising
- Waste disposal

Government Services:
- Military
- Judicial
- Police and Emergency situation
- Community services

Consumer Services:
- Self-service

FIGURE 1.3
Trends in U.S. Employment by Sector, 1850–2010

Source: U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States,* 1975, p. 137, and http://www.bls.gov/fls/flscomparelf.htm

- Agriculture: Value from harvesting nature
- Manufacturing: Value from making products
- Services: Value from providing the economic infrastructure

Services weight in national economies

Percent Employment in Services for the Top Ten Postindustrial Nations, 1965–2005					
Country	1965	1975	1985	1995	2005
United States	59.5	66.4	70.0	74.1	78.6
United Kingdom	51.3	58.3	64.1	71.4	77.0
The Netherlands	52.5	60.9	68.3	73.4	76.5
Sweden	46.5	57.7	66.1	71.5	76.3
Canada	57.8	65.8	70.6	74.8	76.0
Australia	54.6	61.5	68.4	73.1	75.8
France	43.9	51.9	61.4	70.0	74.8
Japan	44.8	52.0	57.0	61.4	68.6
Germany	41.8	46.7	51.6	60.8	68.5
Italy	36.5	44.0	55.3	62.2	65.5

Workforce employment per sector

Sector	1996	2017
A - Agriculture, forestry and fishing	8.5	4.4
B-E - Industry (except construction)	20.7	15.3
F - Construction	6.9	6.3
G-I - Wholesale and retail trade, transport, accomodation and food service activities	23.1	24.8
J - Information and communication	2.2	3.0
K - Financial and insurance activities	2.7	2.5
L - Real estate activities	0.9	1.1
M_N - Professional, scientific and technical activities; administrative and support service activities	7.7	12.9
O-Q - Public administration, defence, education, human health and social work activities	22.1	23.5
R-U - Arts, entertainment and recreation; other service activities; activities of household and extra-territorial organizations and bodies	5.2	6.1

Workforce demand shift

FIGURE 1.5
Projected Percent Change in U.S. Employment by Industry, 2006–2016

Source: http://www.bls.gov/news.release/ecopro.t01.htm
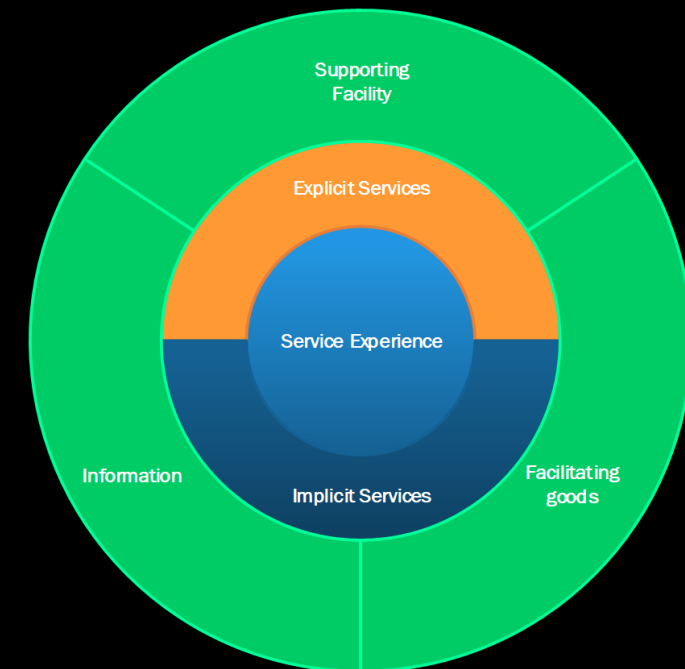
Fitzsimmons, James, A., Fitzsimmons, Mona, J. "Service Management – Operations, Strategy, Information Technology", 7th edition, McGraw-Hill Irwin, ISBN 978-0-07-340335-9, p10

The service package

- A bundle of goods and services with information that is provided in some environment
  - **Supporting facility.** The physical resources that must be in place before a service can be offered. Examples are a golf course, a ski lift, a hospital, and an airplane.
  - **Facilitating goods.** The material purchased or consumed by the buyer, or the items provided by the customer. Examples are golf clubs, skis, food items, replacement auto parts, legal documents, and medical supplies.
  - **Information.** Data that is available from the customer or provider to enable efficient and customized service. Examples include electronic patient medical records, airline Web site showing seats available on a flight, customer preferences from prior visits, GPS location of customer to dispatch a taxi, and Google map link on a hotel Web site.
  - **Explicit services.** The benefits that are readily observable by the senses and that consist of the essential or intrinsic features of the service. Examples are the absence of pain after a tooth is repaired, a smooth-running automobile after a tuneup, and the response time of a fire department.
  - **Implicit services.** Psychological benefits that the customer may sense only vaguely, or the extrinsic features of the service. Examples are the status of a degree from an Ivy League school, the privacy of a loan office, and worry-free auto repair.
- Customer's perception depends on these features

Challenges for Service Managers

Degree of interaction and cusomization

	Low	High	
Low	Service factory	Service shop	*Challenges for managers* (low labor intensity): .Capital decisions .Technological advances .Managing demand to avoid peaks and to promote off-peaks .Scheduling service delivery
High	Mass service	Professional Service	*Challenges for managers* (high labor intensity): .Hiring .Training .Methods development and control .Employees' welfare .Scheduling workforces .Control of far-flung geographical locations .Start-up of new units .Managing growth
	Challenges for managers (low interaction/low customization): .Marketing .Making service "warm" .Attention to physical surroundings .Managing fairly rigid hierarchy with need for standard operating procedure	*Challenges for managers* (high interaction/high customization): .Fighting cost increases .Maintaining quality .Reacting to consumer intervention in process .Managing advancement of people delivering service .Managing flat hierarchy with loose subordinate–superior relationships .Gaining employee loyalty	

Labor cost / Capital cost

2. ORGANIZATIONS
Seen as complex, heterogeneous objects

	Flipping the coin shows us the operations & resources related concepts.
Functions	Functions produce results, deliverables. They may be seen as black boxes that take inputs and produce outputs needed / desired either internally by the organization or externally by the organization's customers.
Processes-Projects	When we open the functional black-boxes, we see inside activities organized into processes or projects that produce results (output). It is activities that generate, by consuming-using resources, the added value of the organization's results.
Positions (Roles)	The processes' and projects' activities are performed by or with the contribution of agents (human resources).
Working units	Based on different criteria (such as common technical knowledge or common contribution to producing results), human resources are grouped into organizational units (working units).
Financial, Material, Infrastructure, Relations, Image and Information resources.	Activities add value by consuming-using financial, material, infrastructure, relational, image and information resources. The adequate level of resources is essential to effective and efficient operations.

An organization is a complex object with heterogeneous components. This is why organizations are difficult to run. Overall you may consider them as being a complex aggregate of their STRATEGY, their OPERATIONS and last but not least PEOPLE (organizational culture and motivation). We may metaphorically represent these concepts on the two faces of a medal. The first face is showing the Strategy and Culture/Motivation related concepts.

Market-Environment	Each organization is given birth and then operates within a specific environment (including markets for companies). It is within this environment that the organization: interacts with its stakeholders, understands the overall situation, identifies present and future needs and considers contributing to building the future.
Vision	Vision (for organizations) as a concept may be encountered with slightly different meanings. The organization builds a desirable image of it's future, based on the understanding of the existing opportunities and risks within the environment it acts and it's strengths and weaknesses. Vision must be developed by leaders, shared and supported to the entire organization, comprehensive and detailed and positive and inspiring. The Vision is the destination the organization wants to reach in the future.
Mission	The Mission is stating about HOW the organization will get to achieve its Vision. What needs to be done today in order to achieve tomorrow's Vision.
Lines of business / activity + objectives.	The Mission is detailed by Lines of business / activity. The high level goals established through the Mission are being detailed by each line of business and activity into more detailed objectives. The detailing of the objectives is as well refined on the time scale from a medium or long term to an annual basis and on the activity scale from lines of business to each process' level.
System of Interests	There are two factors that manage organizations. One factor is the System of Interests. When you establish clear relationships between the organizational objectives, individual objectives and responsibilities and the reward and recognition mechanisms, you have established a System of Interests. This way, organizational, group and individual interests are aligned and everyone pulls in the same direction.
Lines of authority	The lines of authority define the subordination relationships between organizational units.
Management	Management styles range anywhere in between autocratic to consensual. Management styles may significantly influence the organizational climate in a negative / positive manner.
Collaboration	An important component of the organizational culture / climate and as well performance factor is the way people work together. From formal to informal and spontaneous support, collaboration is key to the organization's success.
Communication	Proper, correct, comprehensive, clear, concise, well addressed and open communication is another key success factor for any organization.
Knowledge	Organizations create, take in, use, re-use, store, and retire-destroy knowledge. Knowledge is a highly valuable resource that requires specific knowledge management techniques.
Attitude	Organizational behavior is determined by people's attitude. Adequate management, collaboration and communication are all based on people's attitude.
Values	Values are part of the organization's strategy and are the second factor that manages organizations (in addition to the system of interests). Values determine people's attitude and behavior and protect organizations from making major strategic and operational mistakes.

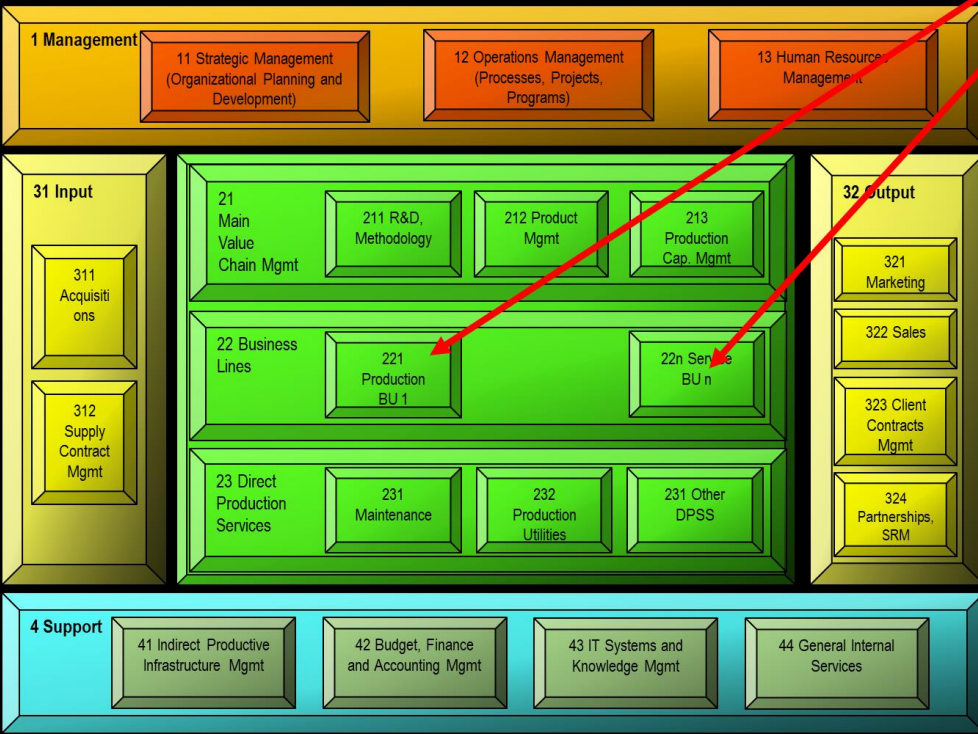|	**Mission Statement**	**Vision Statement**
About	A Mission statement talks about **HOW** you will get to where you want to be. Defines the purpose and primary objectives related to your customer needs and team values.	A Vision statement outlines **WHERE** you want to be. Communicates both the purpose and values of your business.
Answer	It answers the question, "**What do we do? What makes us different?**"	It answers the question, "**Where do we aim to be?**"
Time	A mission statement talks about the **present leading to its future**.	A vision statement talks about your future.
Function	It lists the **broad goals for which the organization is formed**. Its prime function is internal; to define the key measure or measures of the organization's success and its prime audience is the leadership, team and stockholders.	It lists **where you see yourself some years from now**. It inspires you to give your best. It shapes your understanding of why you are working here.
Change	Your mission statement may change, but it should still tie back to your core values, customer needs and vision.	As your organization evolves, you might feel tempted to change your vision. However, mission or vision statements explain your organization's foundation, so change should be kept to a minimum.
Developing a statement	**What do we do today**? For whom do we do it? What is the benefit? In other words, Why we do what we do? What, For Whom and Why?	**Where do we want to be going forward**? When do we want to reach that stage? How do we want to do it?
Features of an effective statement	**Purpose and values of the organization**: Who are the organization's primary "clients" (stakeholders)? What are the responsibilities of the organization towards the clients?	Clarity and lack of ambiguity: **Describing a bright future (hope)**; Memorable and engaging expression; realistic aspirations, achievable; alignment with organizational values and culture.

The Organization seen as a SYSTEM

1 Management Functions

2 Main Value Chain

Parameters

commands

orders

services

31 Input Functions

Input

32 Output Functions

Output

4 Support Functions

The Functional Map - Companies

1 Management
- 11 Strategic Management (Organizational Planning and Development)
- 12 Operations Management (Processes, Projects, Programs)
- 13 Human Resources Management

31 Input
- 311 Acquisitions
- 312 Supply Contract Mgmt

21 Main Value Chain Mgmt
- 211 R&D, Methodology
- 212 Product Mgmt
- 213 Production Cap. Mgmt

22 Business Lines
- 221 Production BU 1
- 22n Service BU n

23 Direct Production Services
- 231 Maintenance
- 232 Production Utilities
- 231 Other DPSS

32 Output
- 321 Marketing
- 322 Sales
- 323 Client Contracts Mgmt
- 324 Partnerships, SRM

4 Support
- 41 Indirect Productive Infrastructure Mgmt
- 42 Budget, Finance and Accounting Mgmt
- 43 IT Systems and Knowledge Mgmt
- 44 General Internal Services

These are Profit Centers (measured on P&L)

All others are Cost Centers

Production capacity renewal

Stakeholder relationship management

e.g. legal, security, etc.

The Functional Map - Companies

1 Management
- 11 Strategic Management (Organizational Planning and Development)
- 12 Operations Management (Processes, Projects, Programs)
- 13 Human Resources Management

31 Input
- 311 Acquisitions
- 312 Supply Contract Mgmt

21 Main Value Chain Mgmt
- 211 R&D, Methodology
- 212 Product Mgmt
- 213 Production Cap. Mgmt

22 Business Lines
- 221 Production BU 1
- 22n Service BU n

23 Direct Production Services
- 231 Maintenance
- 232 Production Utilities
- 231 Other DPSS

32 Output
- 321 Marketing
- 322 Sales
- 323 Client Contracts Mgmt
- 324 Partnerships, SRM

4 Support
- 41 Indirect Productive Infrastructure Mgmt
- 42 Budget, Finance and Accounting Mgmt
- 43 IT Systems and Knowledge Mgmt
- 44 General Internal Services

13 Human Resources Management

131 Career Management: 5	133 Compensations and Benefits Mgmt: 5	135 Employee Data Mgmt 4
132 Employee Performance Management: 3	134 Employee Training and Development: 5	136 Employee Time Management: 2
137 Internal Communication Management: 1	138 OHSAS services for employees: 1	139 Personnel Authorisation: 1

Employment → Orientation → Promotion

131 Career Management: 5

Int/Ext Transfer → Retirement

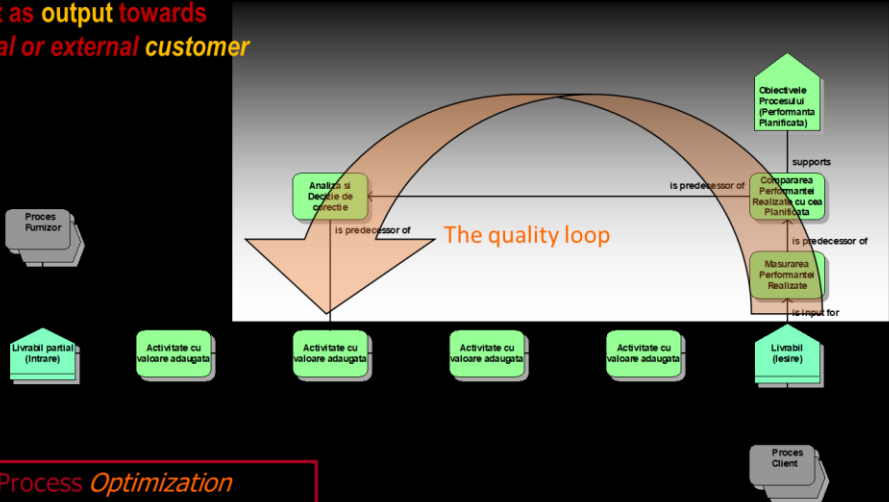Organizational Process:

An activity or group of activities that
- Take an **input**,
- Add value to that input by consuming **resources** and
- Transfer it as **output** towards
- *an internal or external* **customer**

During its creation and once created, the deliverable (output of the process) is measured against the process' objectives.

If the measured results are not according to the planned value, analysis is being performed in order to initiate corrective action (correcting the result) or to initiate a preventive action (correcting future results).

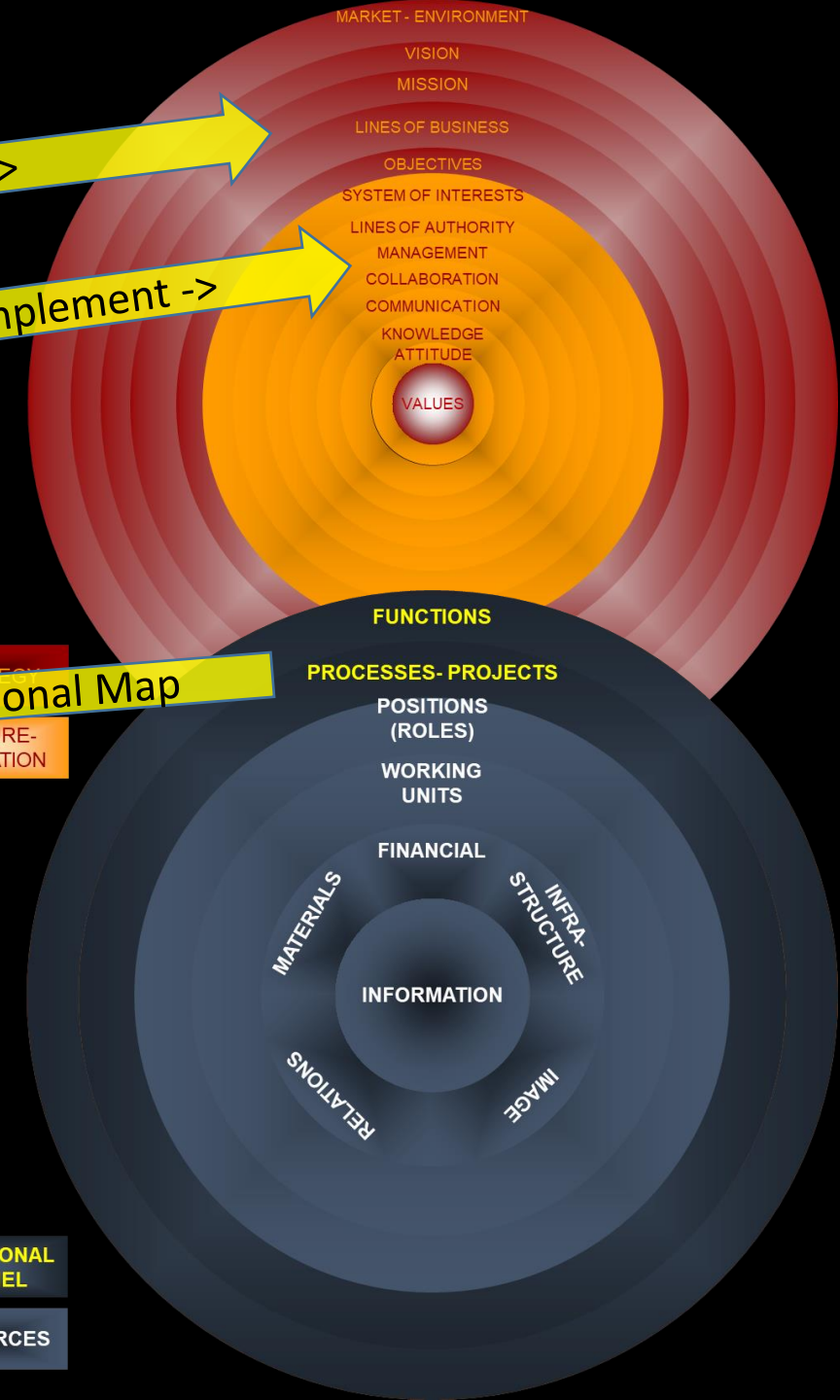This correction-prevention loop is called the "quality loop".

The quality loop

Process *Optimization*

How do these two concepts fit toghether ?

MARKET - ENVIRONMENT
VISION
MISSION
LINES OF BUSINESS
OBJECTIVES
SYSTEM OF INTERESTS
LINES OF AUTHORITY
MANAGEMENT
COLLABORATION
COMMUNICATION
KNOWLEDGE
ATTITUDE
VALUES

Strategic Management processes implement ->

HR processes implement ->

1 Management

| 11 Strategic Management (Organizational Planning and Development) | 12 Operations Management (Processes, Projects, Programs) | 13 Human Resources Management |

31 Input

| 311 Acquisitions |
| 312 Supply Contract Mgmt |

21 Main Value Chain Mgmt	211 R&D, Methodology	212 Product Mgmt	213 Production Cap. Mgmt
22 Business Lines	221 Production BU 1	22n Service
23 Direct Production Services	231 Maintenance	232 Production Utilities	231 Other DPSS

32 Output

| 321 Marketing |
| 322 Sales |
| 323 Client Contracts Mgmt |
| 324 Partnerships, SRM |

STRATEGY
CULTURE-MOTIVATION

are classified and detailed by the Functional Map

4 Support

| 41 Indirect Productive Infrastructure Mgmt | 42 Budget, Finance and Accounting Mgmt | 43 IT Systems and Knowledge Mgmt | 44 General Internal Services |

FUNCTIONS

PROCESSES- PROJECTS

POSITIONS (ROLES)

WORKING UNITS

FINANCIAL

INFRA-STRUCTURE

MATERIALS

INFORMATION

RELATIONS

IMAGE

OPERATIONAL KERNEL

RESOURCES

APQC – the basis for our entire following discussion

ABOUT APQC

An internationally recognized resource for process and performance improvement, APQC helps organizations adapt to rapidly changing environments, build new and better ways to work, and succeed in a competitive marketplace. With a focus on productivity, knowledge management, benchmarking, and quality improvement initiatives, APQC works with its member organizations to identify best practices; discover effective methods of improvement; broadly disseminate findings; and connect individuals with one another and the knowledge, training, and tools they need to succeed. Founded in 1977, APQC is a member-based nonprofit serving organizations around the world in all sectors of business, education, and government. APQC is also a proud winner of the 2003, 2004, 2008, 2012, and 2013 North American Most Admired Knowledge Enterprises (MAKE) awards. This award is based on a study by Teleos, a European based research firm, and the KNOW network.
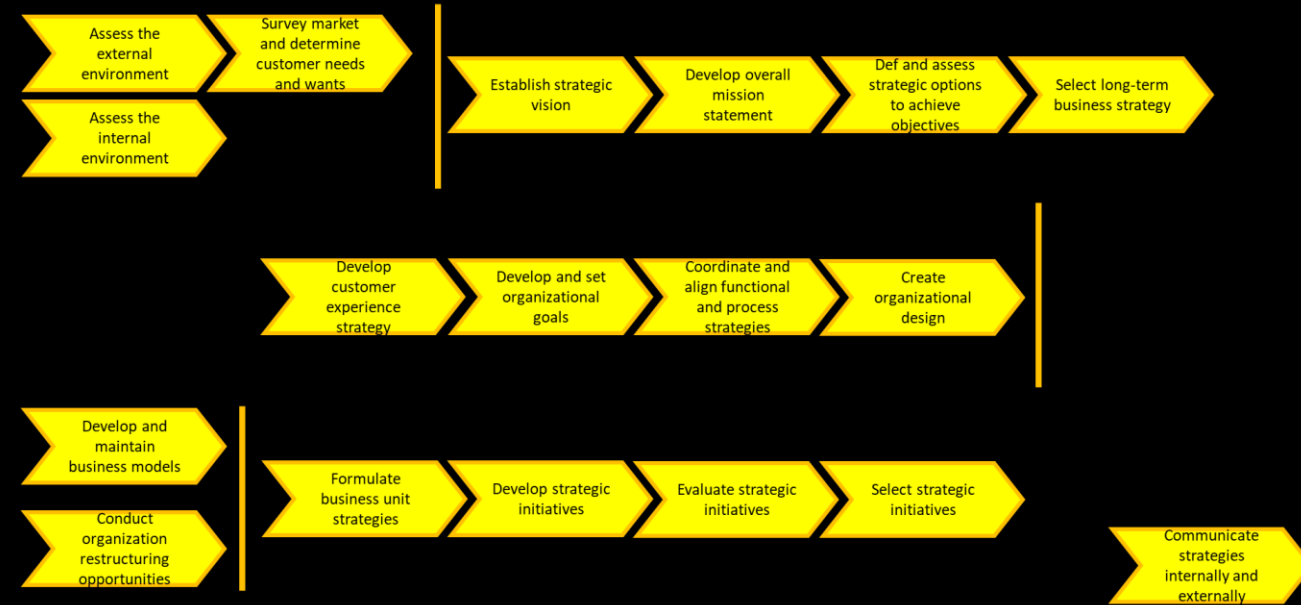
3. SERVICE STRATEGY

Assess the external environment

Assessing all
- forces,
- entities, and
- systems

that
- are external to an organization but
- can affect its operation.

- Analyze far-reaching currents in the macroeconomic situation,
- assess the competition,
- evaluate technological changes, and
- identify societal as well as ecological issues of concern.

Create a big-picture understanding of externalities, with sufficient depth across individual aspects.

Survey market and determine customer needs and wants

Examining the market to identify customer required solutions.

Assess the relevant market(s) to determine the products/services that are needed or wanted by customers.

Carry out quantitative and qualitative analyses to capture and investigate products/services.

Employ creative techniques that allow for a closer appreciation of the customer, and design relevant solutions.

Gap analysis: services vs needs, new or improved services

Assess the internal environment

Undertaking a review of the organization's
• in-house skills and
• resources
in order to create a big-picture understanding of internal capacities.

Assess the organization's capabilities in order to advance the advantageous and weed out the detrimental aspects.

Identify synergic associations within the backdrop of the forces and players active in the market, and take into account all externalities.

Establish strategic vision

Establishing the organization's long-term vision
as a strategic positioning and engagement of stakeholders.

Institute the vision by creating strategic orientations of all stakeholders.

Understand the strategy development frameworks in this context.

Develop overall mission statement

Establishing a general, compact statement
that concisely underscores the mission of the organization.

Define and communicate a clear and succinct mission statement,
which encapsulates how the organization aims to proceed in order to Establish a strategic vision.

Solicit critical inputs from senior management and strategy executives, and collaborate with marketing or personnel from allied functions.

Define and evaluate strategic options to achieve the objectives

Assessing sets of strategic decisions designed to drive the organization's long-term objectives.

Identify various strategies concerning core functional areas.

Appraise strategic options in light of auxiliary decision frameworks that ensure smooth functioning, the advancement of functional efficiencies, and vitality.

Involve senior management executives, especially strategy and/or business unit personnel, with need-based consultative assistance from professional services providers.

Select long-term business strategy

Embracing a strategy for the achievement of business goals over the distant future.

Espouse one of the strategic options for realizing its mission over the long term.

Enlist senior management executives, comprising strategy and/or business unit personnel.

Develop customer experience strategy

Defining a roadmap to meet customer expectations while considering how it will affect the business.

Develop and set detailed organizational goals

Developing overall goals for the organization that help in accomplishing its mission.

Formulate organization-wide targets in the near to middle term, which will accumulate and propel the organization to realize its long-term objectives, as outlined in Develop an overall mission statement.

Enlist business unit heads or equivalent personnel, in close collaboration with senior management executives.

Coordinate and align functional and process strategies

Aligning the approach and method of

• individual units,

• departments,

• systems, and

• operations

within the organization, in accordance with the larger strategic course adopted.

Employ the organization's strategic path to guide the functions, divisions, and operations.

Calibrate the plan and method of each functional area, as well as the processes therein, to Select the long-term business strategy.

Create organizational design

Develop a new framework for molding the organization's various processes into a coherent and seamless whole.

Formulating a design for the organization's resources that allow it to meet its objectives.

Develop and maintain business models

Assemble business model information
Secure appropriate approvals
Identify integration points with existing models
Adopt the business model

Establish business model maintenance parameters
Accept business model feedback parameters
Prioritize and manage incoming feedback
Update existing models

Establish business model governance

Conduct organization restructuring opportunities

Examining the scope and contingencies for restructuring based on market situation and internal realities.

Map the market forces over which any and all probabilities can be probed for utility and viability.

Once the restructuring options have been analyzed and the due-diligence performed, execute the deal.

Consider seeking professional services for assistance in formalizing these opportunities.

Formulate business unit strategies

Charting a strategic course for business units in order to
- leverage opportunities,
- sidestep hurdles, and
- create synergies among each other.

Create strategic road maps for the organization's units--in light of
- their individual resources and requirements, as well as
- their relationships with other business units
--to achieve organizational goals.

1

Develop strategic initiatives

Developing strategic projects that help fulfill long-term goals.

Develop time-bound projects that are discretionary in nature and lie beyond the scope of the organization's routine operations.

Project

Specs
Budget
Timeline

Evaluate strategic initiatives

Examining projects of strategic significance that lie outside the purview of the organization's routine operations.

Closely analyze strategic initiatives for their applicability and feasibility, given the organization's vision.

Cost-Benefit Analysis

Project

Specs
Budget
Timeline

Select strategic initiatives

Selecting relevant projects of strategic significance

- that create opportunities for the organization to realize its long-term objectives,
  - on the basis of their suitability to the organization's constraints and reality.

Select from the process Evaluate strategic initiatives, based on their applicability and feasibility for the organization.

Enlist senior management, especially strategy personnel.

Project

Specs
Budget
Timeline

Communicate strategies internally and externally

Conveying planned

- procedures and
- methods

to both internal departments and external stakeholders like

- customers,
- suppliers, etc.,

in an effective manner based on organizational objectives.

The Strategic Planning Process
(Additional details, instruments)

Assess the external environment → Survey market and determine customer needs and wants

Assess the internal environment

Establish strategic vision → Develop overall mission statement → Def and assess strategic options to achieve objectives → Select long-term business strategy

Develop customer experience strategy → Develop and set organizational goals → Coordinate and align functional and process strategies → Create organizational design

Develop and maintain business models

Conduct organization restructuring opportunities

Formulate business unit strategies → Develop strategic initiatives → Evaluate strategic initiatives → Select strategic initiatives

Communicate strategies internally and externally

Five Forces Analysis

Five Forces analysis

Threat of new entry

- It means how easy it is for new entrants to enter into an industry and gain market share.
- If there are barriers to entry such as
  - high licensing fee,
  - high infrastructure costs,
  - few key players controlling the industry etc

  then it will be difficult for new entrants to enter the market and therefore the threat of new entrants becomes low.

  So, when this threat is low, it is considered that the market is attractive for existing players and they can enjoy low competition from newer companies.

Threat of Substitute Products (services)

- This threat is related to customers' ability to switch to substitute products which will serve the purpose of an existing product.

- If customers can easily switch to using substitute products and there are no or very low switching costs involved, the threat of substitute products is considered as high.

- When this threat is high,
  - the market is said to be less attractive and
  - existing companies need to innovate their products to retain their existing customer base.

  An example is mobile phones industry because customers can switch to using Apple or Samsung phones without incurring any costs.

Bargaining Power of Suppliers

- The bargaining power of suppliers means how well the suppliers can control the prices of the raw materials they provide to the companies.

- If the suppliers are few in number and your company is dependent upon them as well as bound to purchase from them due to some political or international trade regulations, the bargaining power of suppliers is considered as high.

- So, a market/industry is considered as unattractive when suppliers' bargaining power is high.

Five Forces Analysis

Bargaining Power of Customers

- This means how much influence does customers have on the selling prices of your products.

- If customers can influence the prices offered by you, then their bargaining power is high and vice versa.

- Within some industries, prices are controlled by government authorities resulting in a low bargaining power of customers.

- A market is attractive when customers have a low bargaining power.

Competitive Rivalry within Industry

- Rivals might
  - be aggressive price competitors or they might
  - use nonprice strategies such as
    - innovation,
    - branding, or
    - superior quality.
- Industry capacity relative to total customer demand is an important indicator of whether a new entrant will find customers.
- The competition between existing players (companies within an industry) also contributes towards the attractiveness of an industry.
- If the companies already in business
  - are having a fierce competition and
  - aggressively fight for their share of the market,

it means the market is less attractive for new entrants and, to some extent, for existing players.

During such times, companies with innovative products and better pricing strategies survive while wiping out small players.

Assess new technology innovations

Assessing

- developments in technologies presently being used by the business,
- new technologies that have a potential for the business, and any
- disruptive innovations.

Conduct a survey of advancement in technologies that are already deployed with inputs from the personnel closely working with them,

tracking utility and feasibility for deployment.

Arrange for mid- to senior-level management personnel who explore contingent uses to assess new and disruptive technologies.

Follow up with desk research, involving physical scoping and viability assessment.

Analyze demographics

Analyzing statistical data relating to the

- size,
- distribution, and
- composition

of relevant populations, as well as

- their characteristics.

Perform quantitative analysis over raw data-sets gathered from well-founded sources such as government census or large, private databases.

Consider employing primary research in collecting required statistics. Use comprehensive studies (reports, briefs, and articles) to assist with the analysis, in place of raw data.

The Strategic Planning Process

Assess the internal environment - steps

- Analyze organizational characteristics
- Analyze internal operations
- Create baselines for current processes
- Analyze systems and technology
- Analyze financial health
- Identify core competencies

SWOT Logic

Tool for external and internal environments assessment

Good

S	**O**
W	**T**

Bad

Internal, Status, Present

External, Dynamic, Future

Strengths:

- ❿ What are your advantages ?
- ❿ What do you do well – better than anyone else?
- ❿ Which are the relevant resources ?
- ❿ What unique resources do you have?
- ❿ What would others (people in your market) consider to be your strong points?

- Do consider all these from your own point of view and from other's point of view.
- Don't be modest, be realistic.

- When analyzing strong points, think about them comparing yourselves with competition, for example, if all the competitors offer high quality products then a high quality production process is a necessity, not a strong point.

Weaknesses

- ❿ What could you do better / improve?
- ❿ What do you do wrong or with poor quality/performance?
- ❿ What should you avoid ?

- Again, consider both your perspective and other's perspective. What would they see as being your weakness?

- Is your competition better than you in any way? It's preferable to be realistic and face unpleaseant truths; the sooner, the better.

Opportunities

⑩ What are your competitors' vulnerabilities ?
⑩ Where do opportunities come from?
⑩ Which are the interesting tendencies you know about?
⑩ What customer needs and interests are there in the market ?

- Opportunities may come from many directions, such as:
  ⑩ Changes in technology, in the entire market or into niche sectors
  ⑩ Changes in governmental politics referring to the chosen sector

  ⑩ Changes in the sociological and behavioral models, population profiles, life style, etc.
  ⑩ Specific events

- A useful approach in opportunities analysis is to look at your own strong and ask yourselves if they open opportunities when combined with external factors
- Similarly, look at your weak points and ask yourselves if by eliminating them you would be able to approach some opportunities

Threats

⑩ Which are the obstacles you encounter?
⑩ What is your competition doing ?
⑩ Does something alter the requirements and specifications for your activity, services and goods?
⑩ Is in anyway the technological evolution a threat?
⑩ Do you have problems regarding your cash flow?
⑩ Could any of your weak points favour an external factor to become a threat to your business?

- Performing this analysis shall be illuminating in many situations, both regarding the things you must do and regarding the big image perspective.

The Strategic Planning Process

Establish strategic vision - steps

1. Define the strategic vision
2. Communicate strategic vision to stakeholders

Driving forces to the Service Economy

- Happy employees
- IT
- Instant Communications
- Significant volumes of data regarding
  - Sales
  - Inventory status
  - Product updates
  - Credit authorizations for customers.

SUCCESSFUL STRATEGIES

- Cost leadership
- Differentiation
  - Must have
  - Should have (better-cheaper-faster)
  - Unique value proposition
- Market focus

The Strategic Planning Process

Assess the external environment → Survey market and determine customer needs and wants

Assess the internal environment

Establish strategic vision → Develop overall mission statement → Def and assess strategic options to achieve objectives → Select long-term business strategy

Develop customer experience strategy → Develop and set organizational goals → Coordinate and align functional and process strategies → Create organizational design

Develop and maintain business models

Conduct organization restructuring opportunities

Formulate business unit strategies → Develop strategic initiatives → Evaluate strategic initiatives → Select strategic initiatives

Communicate strategies internally and externally

Define and evaluate strategic options to achieve the objectives - steps

THE BUSINESS MODEL

8. Key Processes (Activities)

7. Key Partners

1. Value proposition

4. Customer Relationships

2. Customer Segments

6. Key Resources

3. Channels

5. Revenue streams

ROADMAP TO THE OBJECTIVES

Objectives

- Specific
- Measurable
- Achievable
- Relevant
- Timebound
- Extensible
- Rewarding

Specific
Measurable
Achievable
Relevant
Timebound

Objectives refer to:

Effectiveness	Efficiency
Critieria related to • approach and • execution	Time related criteria
Result related criteria (Functional specs)	Budget related criteria

Define and evaluate strategic options to achieve the objectives - steps

THE BUSINESS MODEL

7. Key Partners	8. Key Processes (Activities)	1. Value Proposition	4. Customer Relationships	2. Customer Segments
8	6	2		1
	7. 6. Key Resources		3. Channels	
9. Cost Structure		5. Revenue streams		

Define and evaluate strategic options to achieve the objectives - steps

THE BUSINESS MODEL OBJECTIVES TYPES

Metrics for other key processes

Reach, Fidelity Growth

Specs, Volumes

7. Key Partners

8. Key Processes (Activities)

1. Value Proposition

4. Customer Relationships

2. Customer Segments

Number, Segments

6. Key Resources

3. Channels

9. Cost Structure

5. Revenue streams

Specs, Volumes

Direct, Indirect, D&A, Taxes

Specs, Volumes

Volumes, Revenues

Volumes, Revenues

Define and evaluate strategic options to achieve the objectives

Metrics for other key processes

Specs, Volumes

Specs, Volumes

Direct, Indirect, D&A

Specs, Volumes

Volumes, Revenues

Volumes, Revenues

Reach, Fidelity Growth

Number, Segments

8. Key Processes (Activities)

4. Customer Relationships

2. Cusomer Segments

3. Channels

5. Revenue streams

1. Value Proposition

7. Key Partners

6. Key Resources

9. Cost Structure

2020 · 2021 · 2022 · 2023

Identify implications for key technology aspects

- Imagine key technology aspects that may change in your sector

1 Management

11 Strategic Management (Organizational Planning and Development)

12 Operations Management (Processes, Projects, Programs)

13 Human Resources Management

31 Input

311 Acquisitions

312 Supply Contract Mgmt

21 Main Value Chain Mgmt

211 R&D, Methodology

212 Product Mgmt

213 Production Cap. Mgmt

22 Business Lines

221 Production BU 1

22n Service BU n

23 Direct Production Services

231 Maintenance

232 Production Utilities

231 Other DPSS

32 Output

321 Marketing

322 Sales

323 Client Contracts Mgmt

324 Partnerships, SRM

4 Support

41 Indirect Productive Infrastructure Mgmt

42 Budget, Finance and Accounting Mgmt

43 IT Systems and Knowledge Mgmt

44 General Internal Services

List of technology projects to be applied (SBT)

Identify implications for key technology aspects

Determining key factors for technology

- ROI,
- benefits,
- architecture, etc.

ROI = (Net Profit / Cost of Investment) x 100

The ROI calculation is flexible and can be manipulated for different uses. A company may use the calculation to compare the ROI on different potential investments, while an investor could use it to calculate a return on a stock.

For example, an investor buys $1,000 worth of stocks and sells the shares two years later for $1,200. The net profit from the investment would be $200 and the ROI would be calculated as follows:

ROI = (200 / 1,000) x 100 = 20%

The ROI in the example above would be 20%. The calculation can be altered by deducting taxes and fees to get a more accurate picture of the total ROI.

Develop B2B and B2C strategy – the "Go-to-market" matrix

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Volume, Revenue, Profit, Marketing, Sales and Delivery Channels, Partners	
Service segment n			

2020 · 2021 · 2022 · 2023

Develop partner/alliance strategy

Defining direction and plan objectives for partnering with other companies to deliver product/services.

Focus on creating a vision and strategic objectives, and culminate in creating measures for strategic alliance or partnership.

Develop partner/alliance strategy

- With what function would the partners interact most?

| 1 Management | | | |
| 11 Strategic Management (Organizational Planning and Development) | 12 Operations Management (Processes, Projects, Programs) | 13 Human Resources Management |

31 Input	21 Main Value Chain Mgmt	211 R&D, Methodology	212 Product Mgmt	213 Production Cap. Mgmt	32 Output
311 Acquisitions					321 Marketing
	22 Business Lines	221 Production BU 1		22n Service BU n	322 Sales
312 Supply Contract Mgmt					323 Client Contracts Mgmt
	23 Direct Production Services	231 Maintenance	232 Production Utilities	231 Other DPSS	324 Partnerships, SRM

| 4 Support | 41 Indirect Productive Infrastructure Mgmt | 42 Budget, Finance and Accounting Mgmt | 43 IT Systems and Knowledge Mgmt | 44 General Internal Services |

What types of services shall be delivered with which partners **5**

Develop innovation strategy

- Which function(s) should develop mostly the innovation strategy?

| 1 Management | | | |
| 11 Strategic Management (Organizational Planning and Development) | 12 Operations Management (Processes, Projects, Programs) | 13 Human Resources Management |

31 Input	21 Main Value Chain Mgmt	211 R&D, Methodology	212 Product Mgmt	213 Production Cap. Mgmt	32 Output
311 Acquisitions					321 Marketing
	22 Business Lines	221 Production BU 1		22n Service BU n	322 Sales
312 Supply Contract Mgmt					323 Client Contracts Mgmt
	23 Direct Production Services	231 Maintenance	232 Production Utilities	231 Other DPSS	324 Partnerships, SRM

| 4 Support | 41 Indirect Productive Infrastructure Mgmt | 42 Budget, Finance and Accounting Mgmt | 43 IT Systems and Knowledge Mgmt | 44 General Internal Services |

Inovation projects (SBT) **6**

Develop innovation strategy

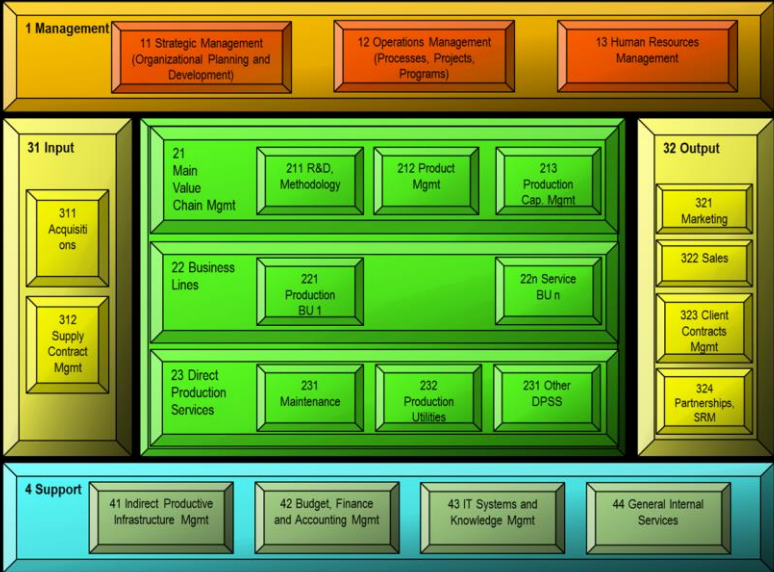Developing a plan and vision to encourage advancements in technology or services.

Create a roadmap for changing or innovating the business model to make business operations more competitive.

Set up new R&D services for changing or bringing
- new value propositions,
- services,
- production processes, and
- invention of technology not previously used by competitors etc.

Develop shared services strategy

Charting a plan to leverage

- internal services and
- support functions

throughout the organization.

Delineate a framework of parameters and criteria to selectively filter service areas for inclusion among the organization's common resources.

Arrange the organization's functional areas to create efficiencies of scale in the delivery of internal services.

Develop lean/continuous improvement strategy

Developing strategies for the

- optimization of processes and the
- improvement of functional areas

in order to improve the bottom line.

Create a road map of decision choices that would allow the organization to continuously enhance process efficiencies and advance performance standards.

Develop shared services strategy

- Which functions (internal services) could become shared services?

A new functional structure with shared services

7

Develop lean/continuous improvement strategy

- Which functions do you think would be in charge of continuous improvement?

Continuous improvement processes identified and in place

8

The Strategic Planning Process

| Assess the external environment | Survey market and determine customer needs and wants | | Establish strategic vision | Develop overall mission statement | Def and assess strategic options to achieve objectives | Select long-term business strategy |

| Assess the internal environment |

| Develop customer experience strategy | Develop and set organizational goals | Coordinate and align functional and process strategies | Create organizational design |

| Develop and maintain business models | | Formulate business unit strategies | Develop strategic initiatives | Evaluate strategic initiatives | Select strategic initiatives |

| Conduct organization restructuring opportunities |

| Communicate strategies internally and externally |

Develop customer experience strategy

- Identify and review customer touchpoints
- Assess customer experience across touchpoints
- Perform root cause analysis of problematic customer experiences
- Design customer experience
- Define and manage personas
- Create customer journey maps
- Define single view of the customer for the organization
- Define a vision for the customer experience
- Validate with customers
- Align experience with brand values and business strategies
- Develop content strategy
- Design customer experience support structure
- Identify required capabilities
- Identify impact on functional processes
- Develop customer experience roadmap to develop and implement defined capabilities

Assess customer experience

Measuring customer feedback

- in regard to product and services effectiveness
- based on overall satisfaction.

The data to be analyzed is collected through

- surveys,
- customer responses, and
- feedbacks based on the delivered products/services.

The Strategic Planning Process

Assess the external environment

Survey market and determine customer needs and wants

Assess the internal environment

Establish strategic vision

Develop overall mission statement

Def and assess strategic options to achieve objectives

Select long-term business strategy

Develop customer experience strategy

Develop and set organizational goals

Coordinate and align functional and process strategies

Create organizational design

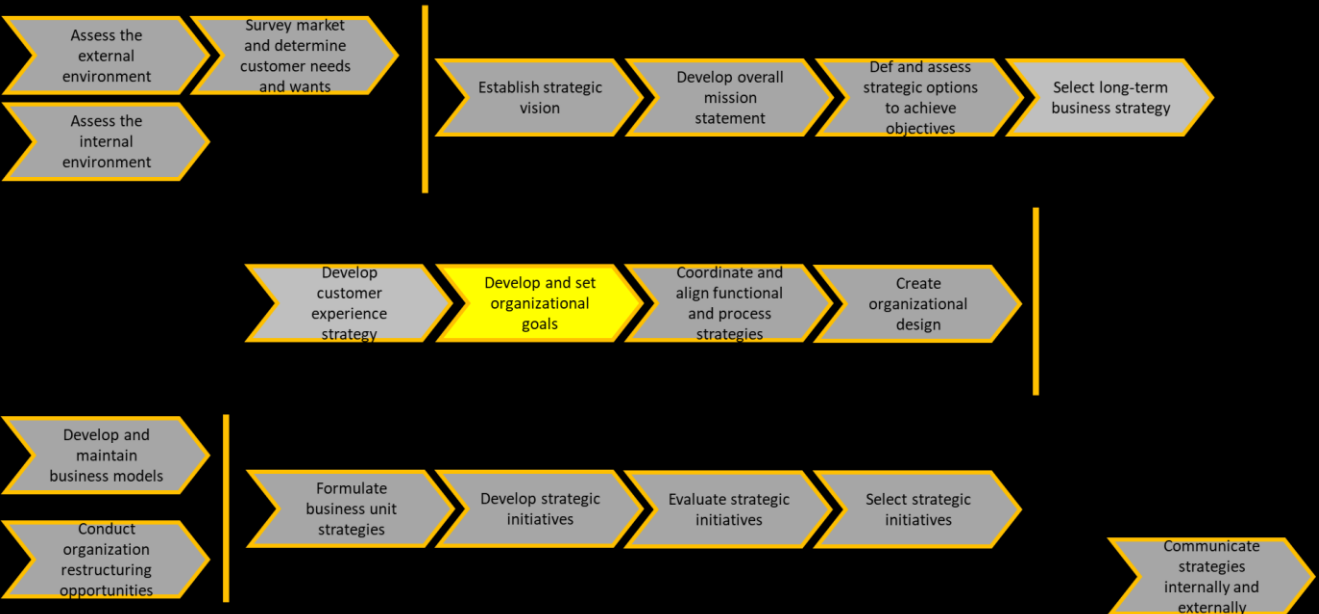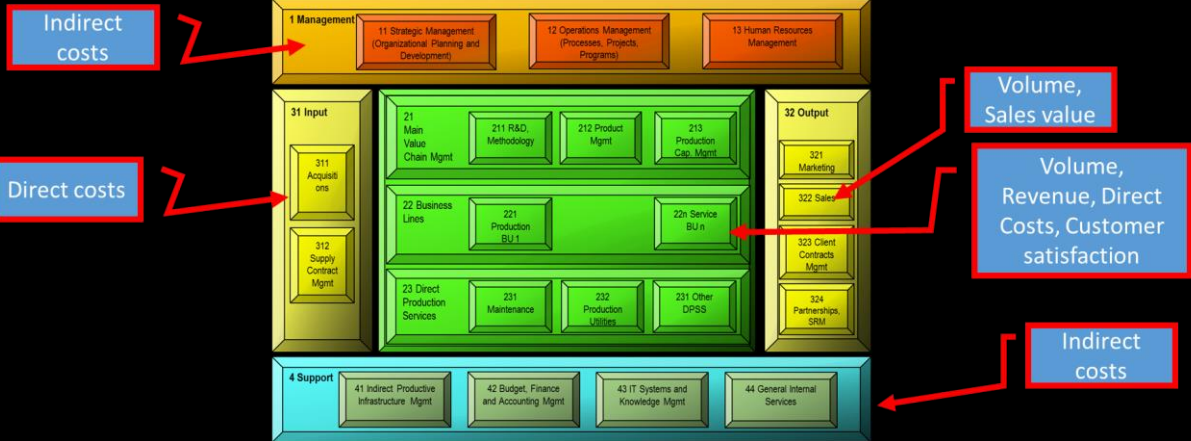**Develop and maintain business models**

Conduct organization restructuring opportunities

Formulate business unit strategies

Develop strategic initiatives

Evaluate strategic initiatives

Select strategic initiatives

Communicate strategies internally and externally

Develop and set detailed organizational goals

- Identify organizational goals
- Establish baseline metrics
- Establish process to monitor performance against goals

Indirect costs

Direct costs

Volume, Sales value

Volume, Revenue, Direct Costs, Customer satisfaction

Indirect costs

1 Management
11 Strategic Management (Organizational Planning and Development)
12 Operations Management (Processes, Projects, Programs)
13 Human Resources Management

31 Input
311 Acquisitions
312 Supply Contract Mgmt

21 Main Value Chain Mgmt
211 R&D, Methodology
212 Product Mgmt
213 Production Cap. Mgmt.

22 Business Lines
221 Production BU 1
22n Service BU n

23 Direct Production Services
231 Maintenance
232 Production Utilities
231 Other DPSS

32 Output
321 Marketing
322 Sales
323 Client Contracts Mgmt
324 Partnerships, SRM

4 Support
41 Indirect Productive Infrastructure Mgmt
42 Budget, Finance and Accounting Mgmt
43 IT Systems and Knowledge Mgmt
44 General Internal Services

Develop and set detailed organizational goals

Metrics for other key processes

Reach, Fidelity Growth

Specs, Volumes

Specs, Volumes

Number, Segments

Specs, Volumes

Direct, Indirect, D&A

Specs, Volumes

Volumes, Revenues

Volumes, Revenues

8. Key Processes (Activities)

4. Customer Relationships

7. Key Partners

1. Value Proposition

2. Customer Segments

6. Key Resources

3. Channels

9. Cost Structure

5. Revenue streams

The Strategic Planning Process

Assess the external environment

Survey market and determine customer needs and wants

Assess the internal environment

Establish strategic vision → Develop overall mission statement → Def and assess strategic options to achieve objectives → Select long-term business strategy

Develop customer experience strategy → Develop and set organizational goals → Coordinate and align functional and process strategies → Create organizational design

Develop and maintain business models

Conduct organization restructuring opportunities

Formulate business unit strategies → Develop strategic initiatives → Evaluate strategic initiatives → Select strategic initiatives

Communicate strategies internally and externally

Aligning the interests brings operational alignment

Indirect costs

1 Management
- 11 Strategic Management (Organizational Planning and Development)
- 12 Operations Management (Processes, Projects, Programs)
- 13 Human Resources Management

Direct costs

31 Input
- 311 Acquisitions
- 312 Supply Contract Mgmt

21 Main Value Chain Mgmt
- 211 R&D, Methodology
- 212 Product Mgmt
- 213 Production Cap. Mgmt

22 Business Lines
- 221 Production BU 1
- 22n Service BU n

23 Direct Production Services
- 231 Maintenance
- 232 Production Utilities
- 231 Other DPSS

32 Output
- 321 Marketing
- 322 Sales
- 323 Client Contracts Mgmt
- 324 Partnerships, SRM

Volume, Sales value

Volume, Revenue, Direct Costs, Customer satisfaction

4 Support
- 41 Indirect Productive Infrastructure Mgmt
- 42 Budget, Finance and Accounting Mgmt
- 43 IT Systems and Knowledge Mgmt
- 44 General Internal Services

Indirect costs

The Strategic Planning Process

- Assess the external environment
- Survey market and determine customer needs and wants
- Assess the internal environment

- Establish strategic vision
- Develop overall mission statement
- Def and assess strategic options to achieve objectives
- Select long-term business strategy

- Develop customer experience strategy
- Develop and set organizational goals
- Coordinate and align functional and process strategies
- Create organizational design

- Develop and maintain business models
- Conduct organization restructuring opportunities

- Formulate business unit strategies
- Develop strategic initiatives
- Evaluate strategic initiatives
- Select strategic initiatives

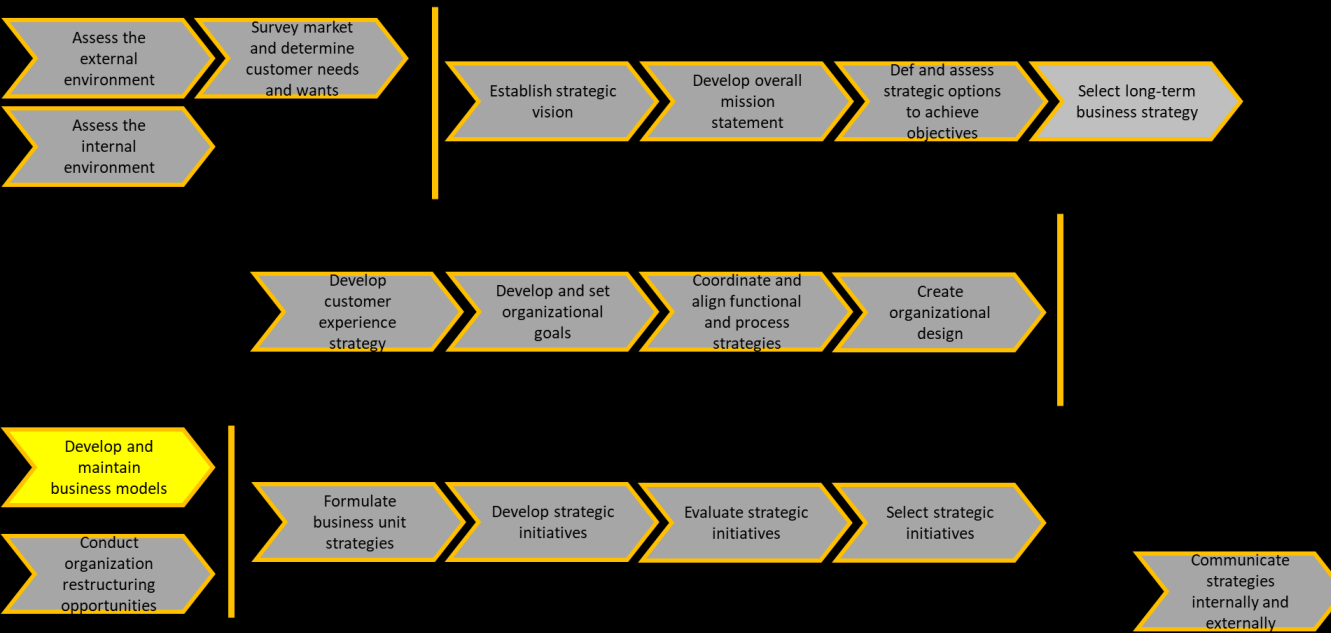- Communicate strategies internally and externally

Create organizational design

Evaluate breadth and depth of organizational structure

Perform job-specific roles mapping and value-added analyses

Develop role activity diagrams to assess hand-off activity

Perform organization redesign workshops

Design the relationships between organizational units

Develop role analysis and activity diagrams for key processes

Assess organizational implication of feasible alternatives

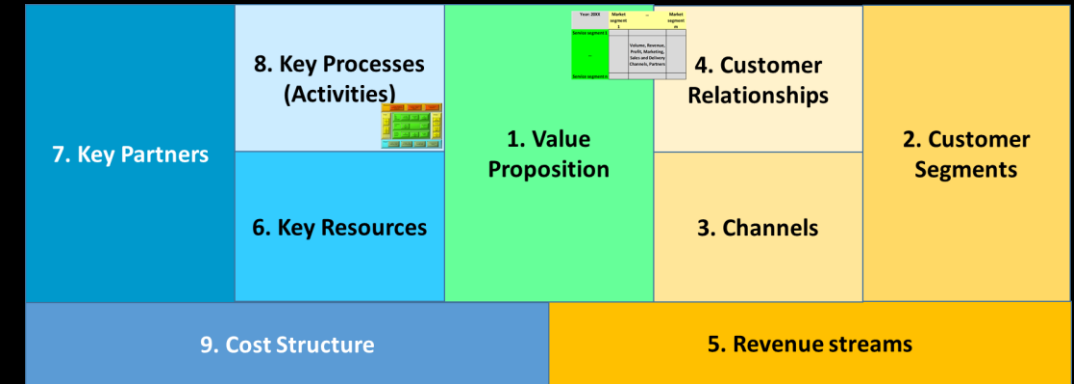Migrate to new organization

The Change Management Curve

- Stage 2
- Denial
- Solution embraced
- Shock
- Searching solutions
- Stage 6
- Anger
- Stage 5
- Resistance
- Stage 4
- Stage 1
- Stage 3
- Productivity
- Time

2

The Strategic Planning Process

- Assess the external environment
- Survey market and determine customer needs and wants
- Assess the internal environment

- Establish strategic vision
- Develop overall mission statement
- Def and assess strategic options to achieve objectives
- Select long-term business strategy

- Develop customer experience strategy
- Develop and set organizational goals
- Coordinate and align functional and process strategies
- Create organizational design

- Develop and maintain business models
- Conduct organization restructuring opportunities

- Formulate business unit strategies
- Develop strategic initiatives
- Evaluate strategic initiatives
- Select strategic initiatives

- Communicate strategies internally and externally

What is a business model ?

https://www.youtube.com/watch?v=IP0cUBWTgpY

7. Key Partners	8. Key Processes (Activities)	1. Value Proposition	4. Customer Relationships	2. Customer Segments
	6. Key Resources		3. Channels	
9. Cost Structure			5. Revenue streams	

Establish business model governance

The 4 Control Loops

Self control	-	Self
Monitoring	-	Direct supervisor
Reporting	-	Concerned management teams (Management Analysis)
Audit	-	Auditors - > Concerned management teams

Prediction - Reaction

Procedures

Rules

Decision making mechanisms

4 eyes principle

Beneficiary – proposes

Technical responsible – technically approves

Financial sponsor – approves based on financial criteria

2

1. Customers & Customer Segments

- Make a list of customer needs to be fulfilled by your company.
- Who would be your Customers ? Classify them by segments using relevant criteria (such as: age, gender, revenue level, education, residence, etc.)
- Make a list of Customer Segments

The Go-To-Market Matrix:

Year: 20XX	Market segment 1	...	Market segment m

2. The Value Proposition

- List the key services your company would deliver your customers.
- Classify the services into service segments
- Identify for each Features, Advantages, Benefits

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
Service segment n			

3. Channels > Delivering your services

- How to deliver the services ?
- Make a list of the Sales and Delivery Channels

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Delivery Channels, Partners	
Service segment n			

4. Customer relationships

- Identify the main activities (processes, tools)
- through which you would:
  - Get your customers
  - Keep your customers
  - Grow your customers

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Marketing, Sales Delivery Channels, Partners	
Service segment n			

5

5. Revenue streams

- Where are the money coming from?
  - By customer segments
  - By service

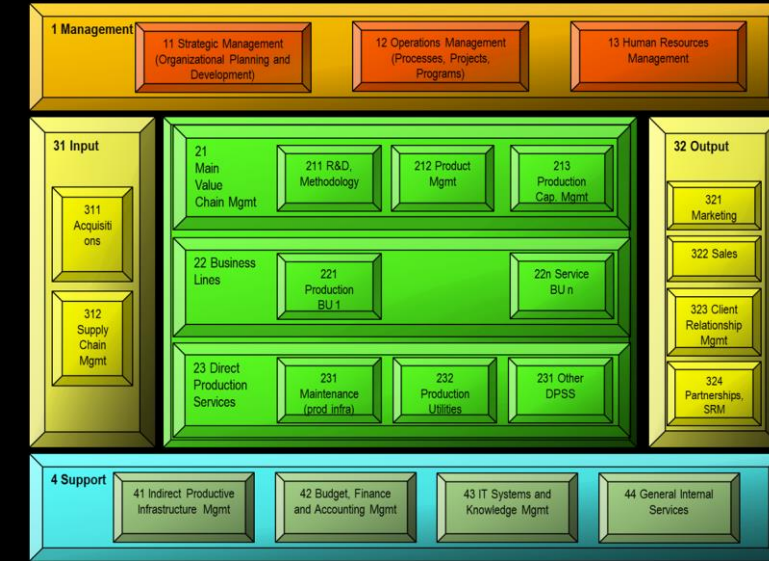- Specify which customer segment is targeted with which service

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...	Volume, Revenue, Marketing, Sales Delivery Channels, Partners		
Service segment n			

5

6. Key Processes

- What are the processes on the MVC ?
- What other key processes would you consider ?
- Make a list of the key processes

5

7. Key Resources

- Infrastructure,
- Materials
- Information
- Relations
- Image

⬇

- Financial

Describe Infrastructure, Materials, Info related to your main processes.

1

8. Key (Supply Partners)

- Make a list of the key supplier types for your company

5

9. Cost structure

- Identify and list the main **DIRECT COST** categories associated to the identified Main Value Chain processes
- Identify the and list the main **INDIRECT COST** categories

Year 20xx		
Revenue	10000	excl VAT
Direct costs	4500	
Gross margin	5500	55%
Indirect costs	2900	29%
D&A	530	5.3%
PBT	2070	20.7%
IT	207	10%
PAT	1863	18.6%

D&A – Depreciation and Amortisation
PBT – Profit before taxes
PAT – Profit after taxes

5

Indirect costs

Direct costs

9. Cost structure

On-site technical incident management

- Fixed costs
  - Office space rent
  - Office cleaning
  - Office utilities
  - Internal services salaries
- Variable costs
  - Service manpower salaries
  - Service tools
  - Fuel consumption

$$\text{Unit service cost}_1 = \frac{C1}{n1} > \frac{C2}{n2} = \text{Unit service cost}_2$$
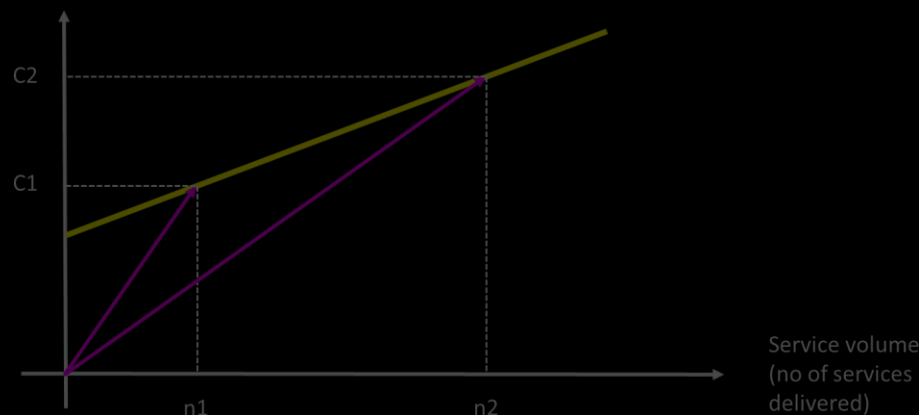
Total cost of services

C2

C1

Service volume (no of services delivered)

n1   n2

9. Cost structure

On-site technical incident management

- Fixed costs
  - Office space rent
  - Office cleaning
  - Office utilities
  - Internal services salaries
- Variable costs
  - Service manpower salaries
  - Service tools
  - Fuel consumption

$$\text{Unit service cost}_1 = \frac{C1}{n1} > \frac{C2}{n2} = \text{Unit service cost}_2$$
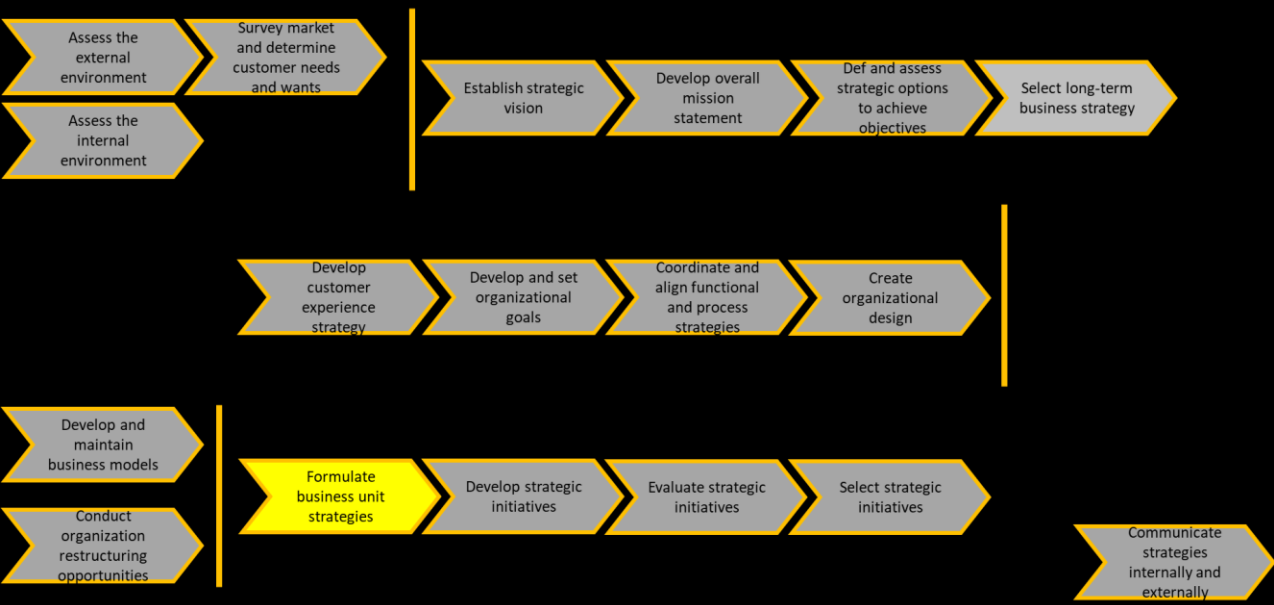
ECONOMY OF SCALE

Total cost of services

C2

C1

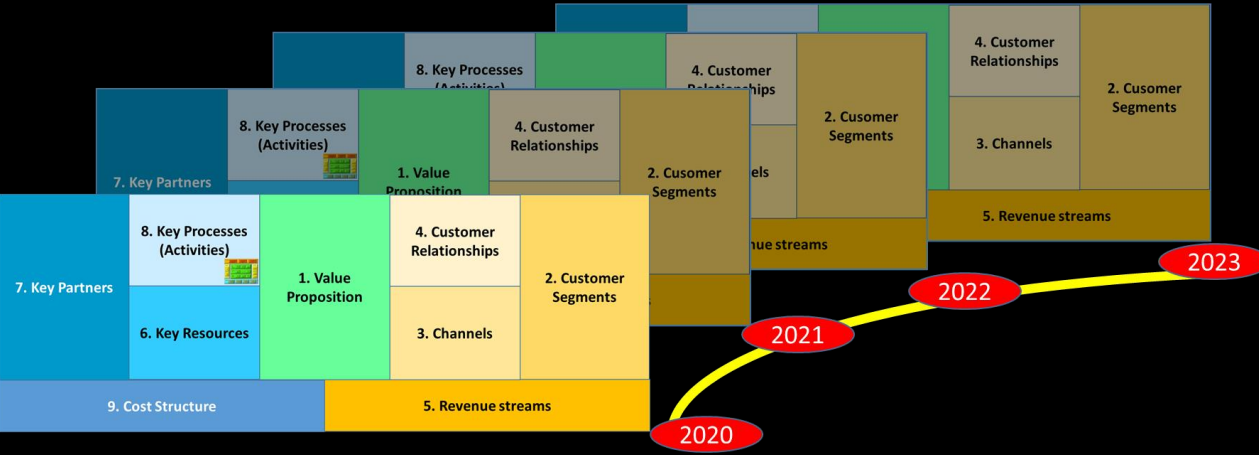Service volume (no of services delivered)
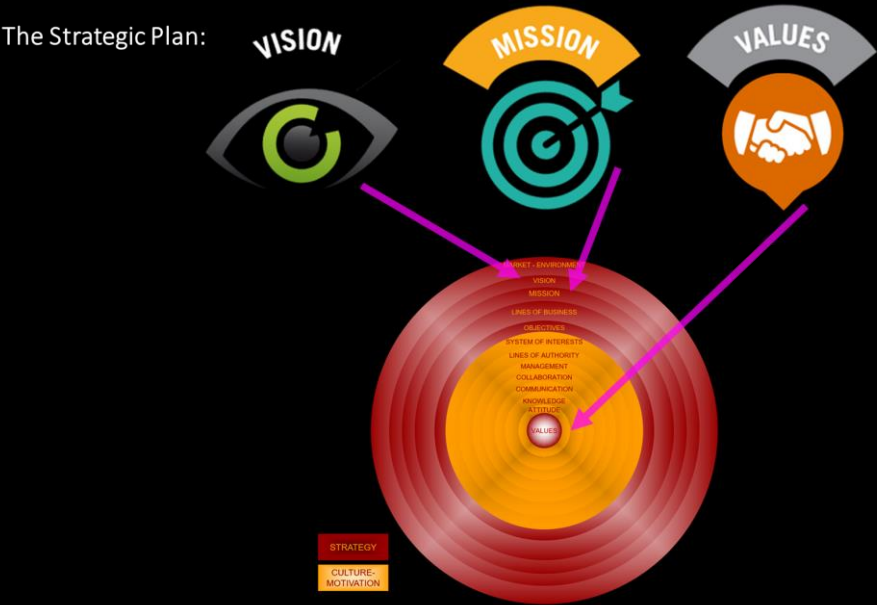
n1   n2

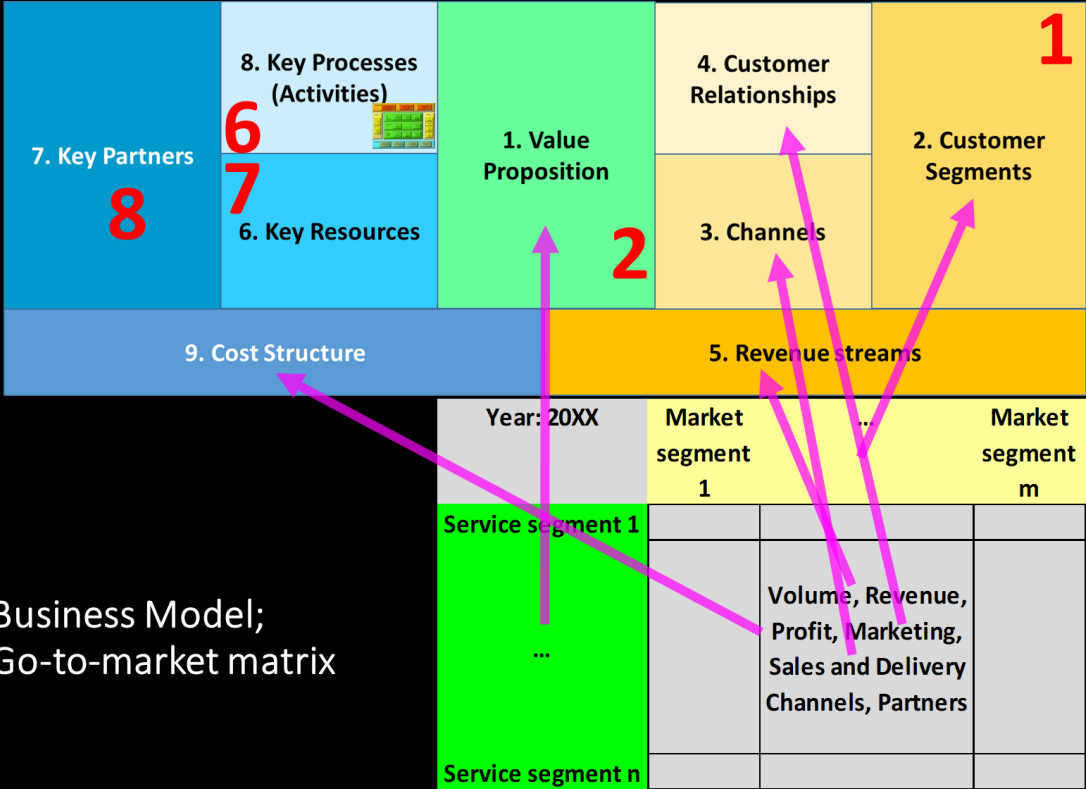# The Strategic Planning Process

Formulate detailed business unit strategies

Assess the external environment

Survey market and determine customer needs and wants

Assess the internal environment

Establish strategic vision

Develop overall mission statement

Def and assess strategic options to achieve objectives

Select long-term business strategy

Develop customer experience strategy

Develop and set organizational goals

Coordinate and align functional and process strategies

Create organizational design

Develop and maintain business models

Conduct organization restructuring opportunities

Formulate business unit strategies

Develop strategic initiatives

Evaluate strategic initiatives

Select strategic initiatives

Communicate strategies internally and externally

7. Key Partners

8. Key Processes (Activities)

1. Value Proposition

6. Key Resources

4. Customer Relationships

3. Channels

2. Customer Segments

9. Cost Structure

5. Revenue streams

2020

2021

2022

2023

The Strategic Planning Process position on the Functional Map

1 Management

11 Strategic Management (Organizational Planning and Development)

12 Operations Management (Processes, Projects, Programs)

13 Human Resources Management

31 Input

311 Acquisitions

312 Supply Chain Mgmt

21 Main Value Chain Mgmt

211 R&D, Methodology

212 Product Mgmt

213 Production Cap. Mgmt

22 Business Lines

221 Production BU 1

22n Service BU n

23 Direct Production Services

231 Maintenance (prod infra)

232 Production Utilities

231 Other DPSS

32 Output

321 Marketing

322 Sales

323 Client Relationship Mgmt

324 Partnerships, SRM

4 Support

41 Indirect Productive Infrastructure Mgmt

42 Budget, Finance and Accounting Mgmt

43 IT Systems and Knowledge Mgmt

44 General Internal Services

THE RESULT: THE STRATEGIC PLAN

The Strategic Plan:

VISION
MISSION
VALUES

The strategic plan: the pathway of the business model over time

7. Key Partners **8**	8. Key Processes (Activities) **6**	1. Value Proposition **2**	4. Customer Relationships	2. Customer Segments **1**
	6. Key Resources **7**		3. Channels	
9. Cost Structure			5. Revenue streams	

Business Model;
Go-to-market matrix

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...			
Service segment n			

Volume, Revenue, Profit, Marketing, Sales and Delivery Channels, Partners

2020
2021
2022
2023

7. Key Partners
8. Key Processes (Activities)
1. Value Proposition
4. Customer Relationships
2. Cusomer Segments
6. Key Resources
3. Channels
9. Cost Structure
5. Revenue streams

Part of the strategic plan: the go-to-market matrix over time

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Volume, Revenue, Profit, Marketing, Sales and Delivery Channels, Partners	
Service segment n			

2020 2021 2022 2023

The Strategic Plan

- What are the processes on the MVC ?
- What are other key processes?

5
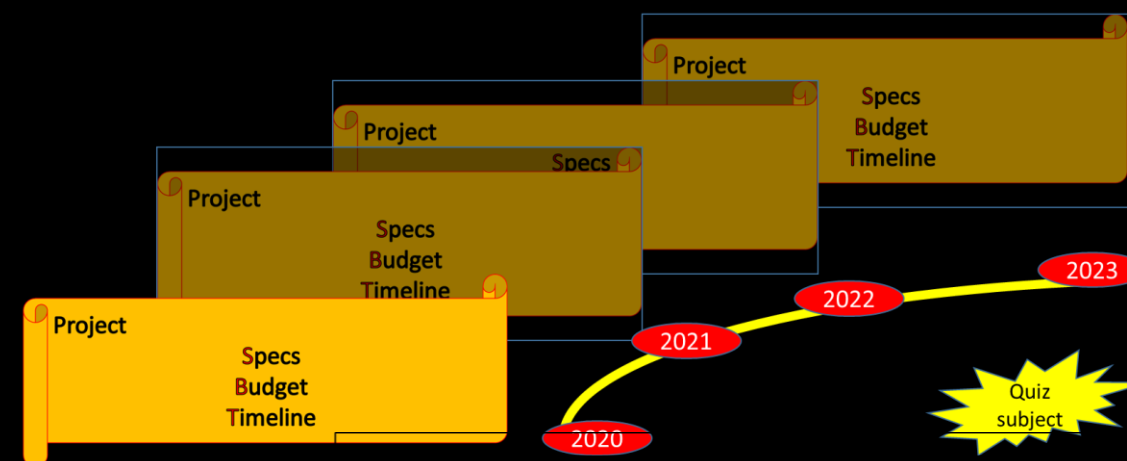
Part of the strategic plan: key processes over time

2020 2021 2022 2023

Key Resources

- Infrastructure,
- Materials
- Information
- Relations
- Image

- Financial

Part of the strategic plan: key resources over time

Part of the strategic plan: key projects over time

Part of the strategic plan: P&L over time

The Strategic Planning Process

343

344

The strategic plan: the pathway of the business model over time

345

Business Model;
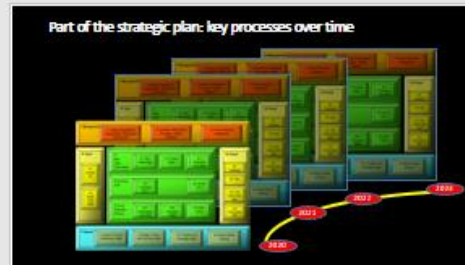Go-to-market matrix

346

Business Model;
Go-to-market matrix

347

Part of the strategic plan: the go-to-market matrix over time

348

The Strategic Plan
• What are the processes on the MVC ?
• What are other key processes?

349

Part of the strategic plan: key processes over time

350

Key Resources
• Infrastructure,
• Materials
• Information
• Relations
• Image
• Financial

351

Part of the strategic plan: key resources over time

352

Part of the strategic plan: key projects over time

353

Part of the strategic plan: P&L over time

354

Develop the *Company's* Business Model (in a nutshell) :

BUSINESS MODEL　　　**GO-TO-MARKET**　　　**OPERATIONS**　　　**PROJECTS**　　　**FINANCIALS**

4. SERVICE (LYFECYCLE) MANAGEMENT

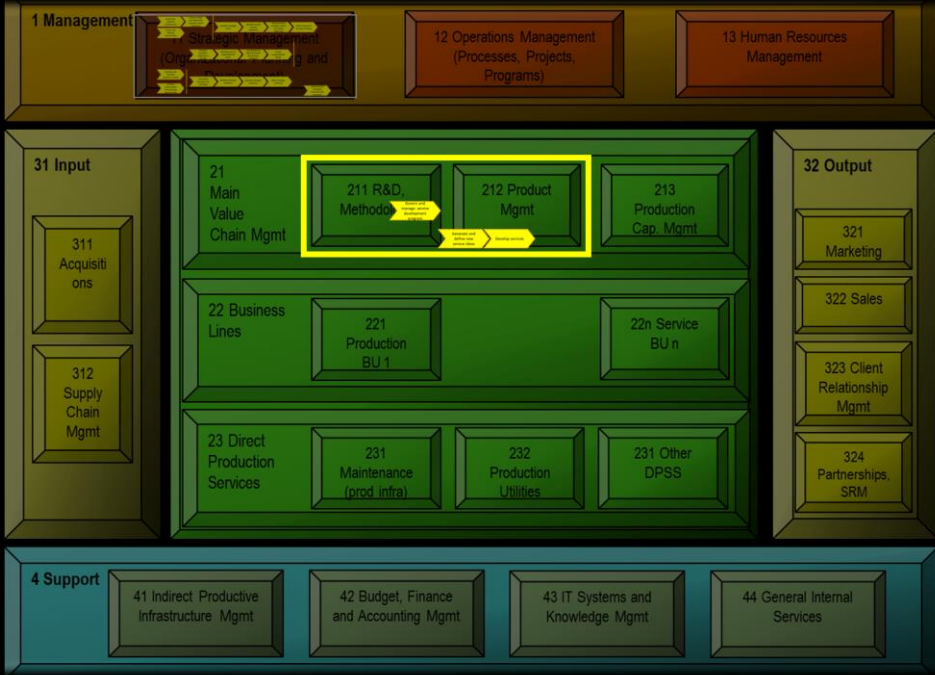Govern and manage service development program
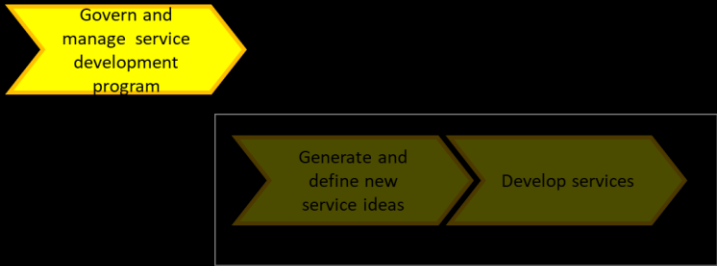
Generate and define new service ideas

Develop services

Detailing practices and procedures related to the concept of
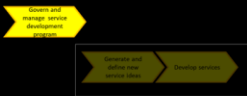
• developing and

• managing

services.

The Develop and Manage Services Processes Group

The Govern and manage service development program Process

Govern and manage service development program

Generate and define new service ideas → Develop services

The Govern and manage service development program process

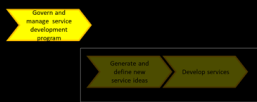| Manage service portfolio | Manage service life cycle | Manage patents, copyrights, and regulatory req. | Manage service master data |

The Govern and manage service development program process
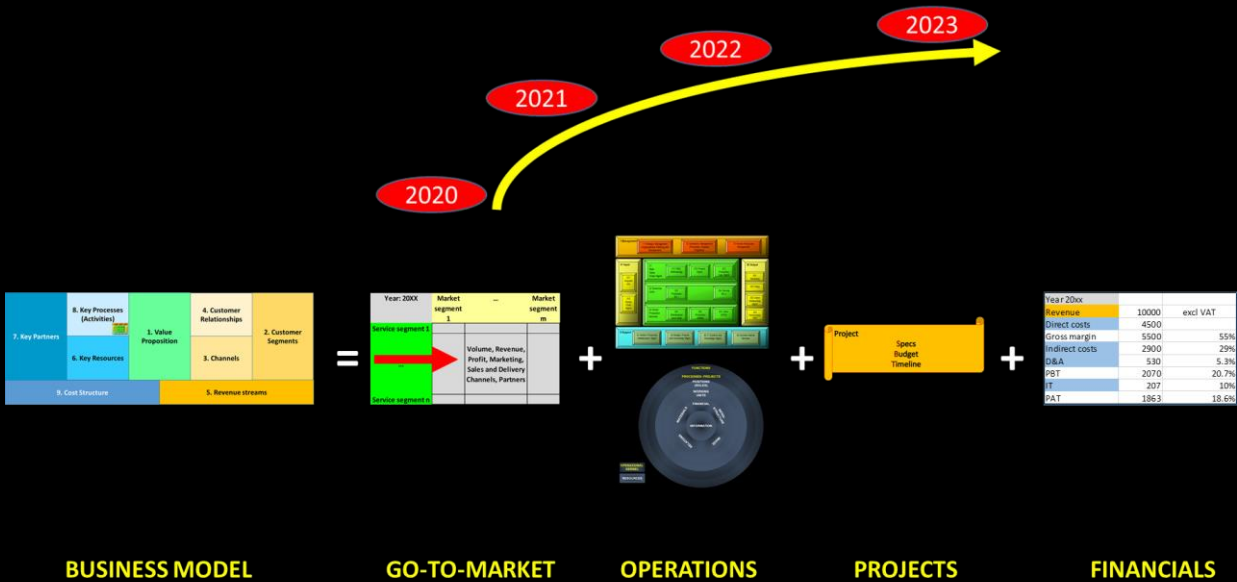
Supervising the complete service program

- from innovation
- until its commercial success.
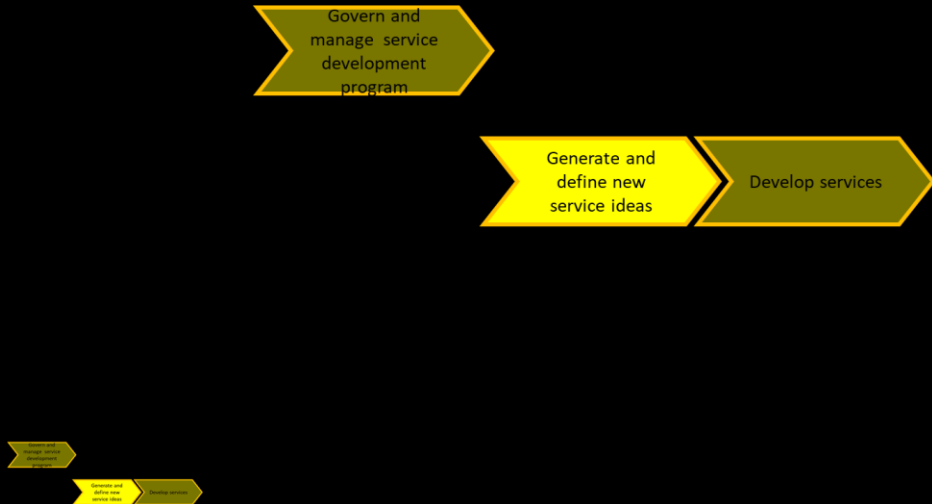
Meeting the customer demand and expectations.

Conduct further development and innovation pertaining to business goals.

Govern and manage service development program

Generate and define new service ideas → Develop services

Develop the *Service (!!!)* Business Model :

2020 2021 2022 2023

BUSINESS MODEL   GO-TO-MARKET   OPERATIONS   PROJECTS   FINANCIALS

The Generate and define new service ideas Process

Govern and manage service development program

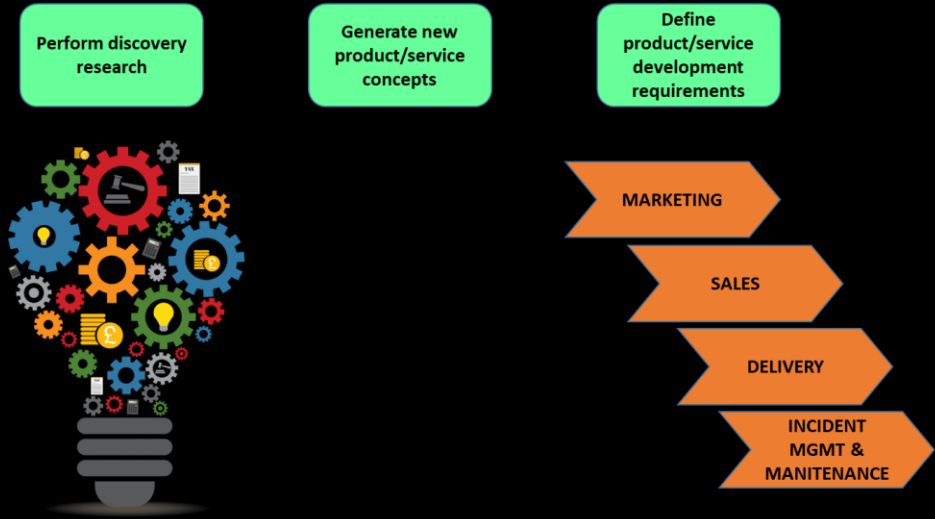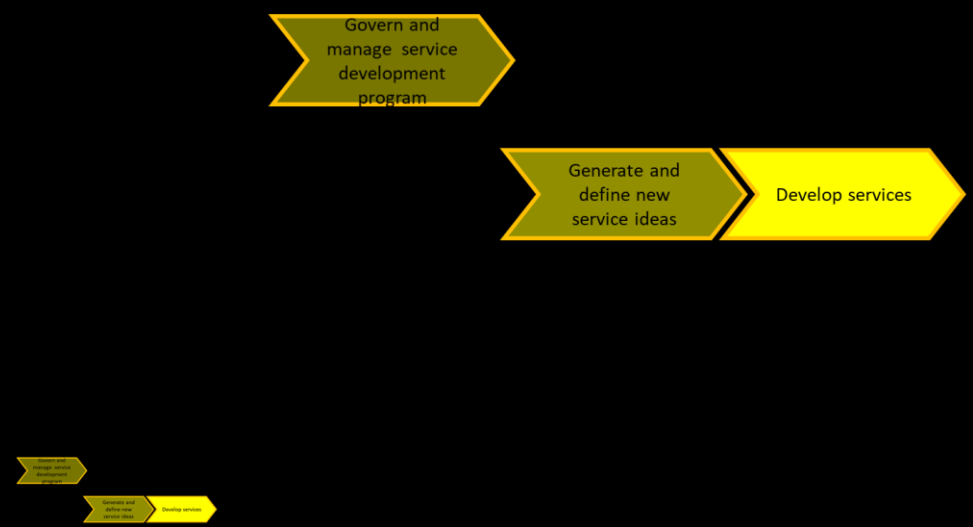Generate and define new service ideas

Develop services

The Generate and define new service ideas process

Identifying and

describing

new service thoughts

based on organizational objectives/targets.

Govern and manage service development program

Generate and define new service ideas

Develop services

The Govern and manage service development program process

Perform discovery research

Generate new product/service concepts

Define product/service development requirements

MARKETING

SALES

DELIVERY

INCIDENT MGMT & MANITENANCE

Govern and manage service development program

Generate and define new service ideas

Develop services

The Develop services Process

Govern and manage service development program

Generate and define new service ideas
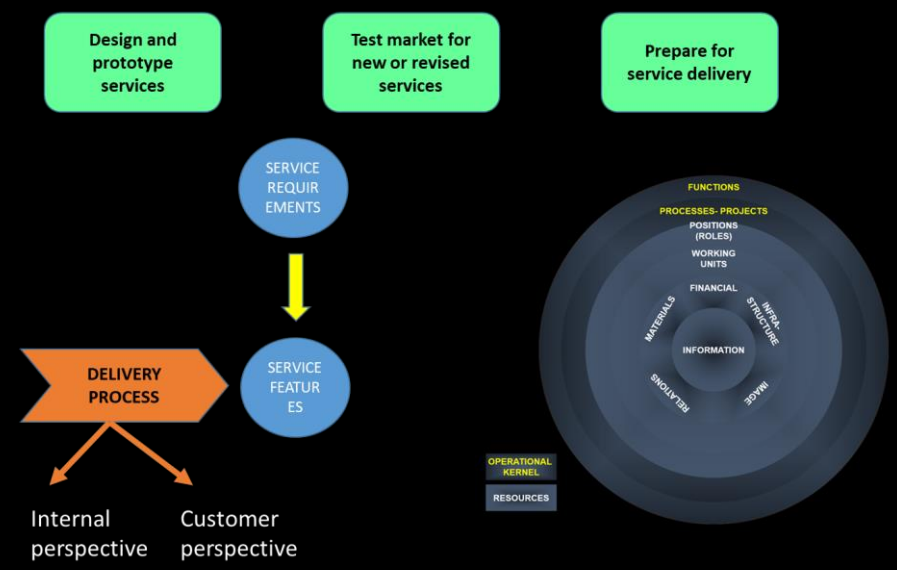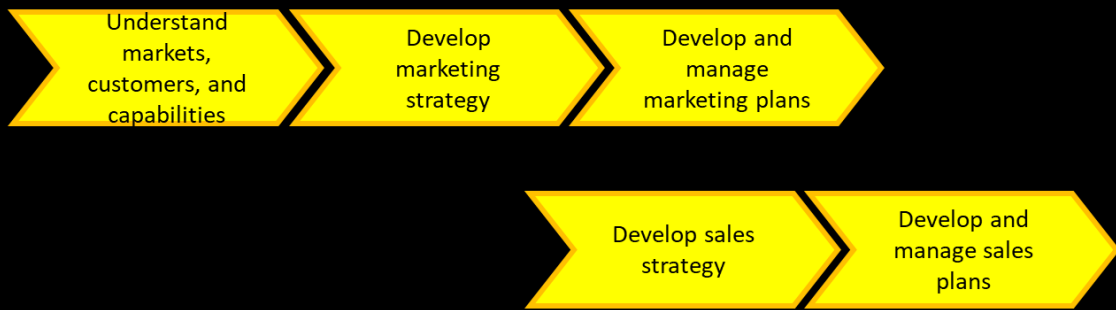
Develop services

The Develop services Process

Developing new services from scratch, including all activities associated with the

- design,
- prototyping,
- evaluation, and
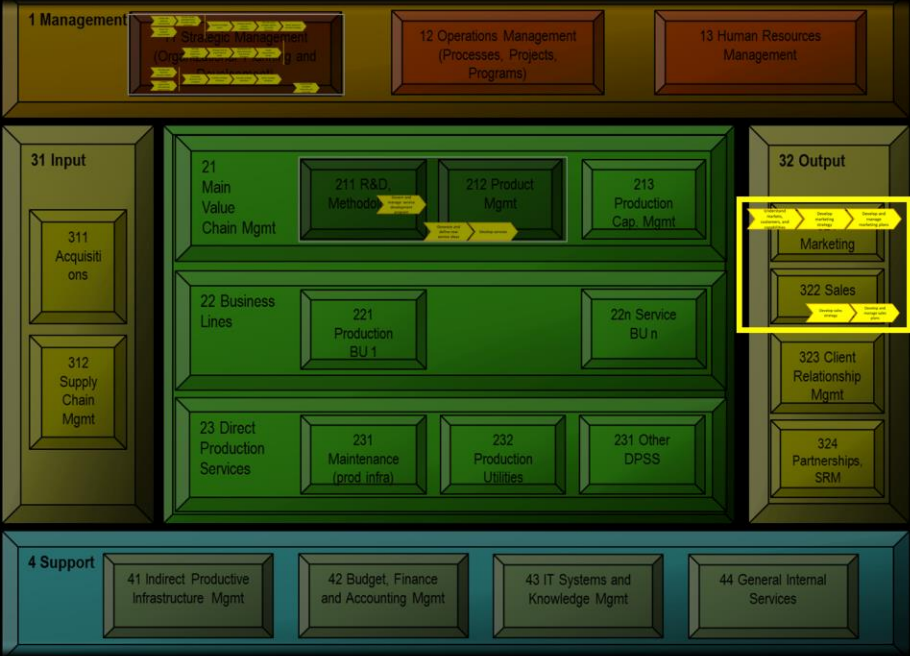- market testing

of these planned offerings.

The Develop services Process

Design and prototype services

Test market for new or revised services

Prepare for service delivery

SERVICE REQUIREMENTS

SERVICE FEATURES

DELIVERY PROCESS

Internal perspective

Customer perspective

FUNCTIONS

PROCESSES- PROJECTS

POSITIONS (ROLES)

WORKING UNITS

FINANCIAL

MATERIALS

INFRA-STRUCTURE

INFORMATION

RELATIONS

IMAGE

OPERATIONAL KERNEL

RESOURCES

5. SERVICE MARKETING AND SALES

- Understand markets, customers, and capabilities
- Develop marketing strategy
- Develop and manage marketing plans

- Develop sales strategy
- Develop and manage sales plans

Outlining process groups related to

- **understanding**
  - markets,
  - customers, and
  - capabilities;
- **developing** marketing strategies;
- **executing** marketing plans;

- **developing** sales strategies;
- developing and **managing** sales **plans**;
- and managing sales **partners** and alliances.

THANK YOU
-part 1-

Services Management

Mihai Pascadi