

# PROFESSIONAL SERVICE INNOVATIONS FOR BUSINESS-TO-BUSINESS SOLUTIONS

Professional Services are becoming an increasingly vital topic as part of the fast diffusion of the broad connectivity opportunities, particularly the internet of things (connecting any device with an on/off switch like lamps, fridge, printer, etc. to the Internet) and the interchangeability of goods. Business-to-business (B2B) customers are looking for solutions for improving their own product offer, managing their work and assets, to maximize their resource utilization (effective work load scheduling, cash flow and capacity planning, measuring service levels), maintaining accessibility and availability. They require automated, error-prone, effective processes, to improve quality, manage costs and mitigate risks. Therefore, a manufacturer adds chargeable value to his offer by supporting his B2B customers with professional services like audits, innovative assessment methods analysing big data to generate actionable business insights, employee trainings et al. Due to this extended support, future solutions become more sustainable in many regards.

## 1 GLOBAL TRENDS AND OPPORTUNITIES

Some key global trends show great opportunities to increase the value of purposeful innovations even more:

1. Trend for sustainability: the trend for sustainable products, services and expertise creates huge opportunities for innovative solutions in the area of ecology (reduce overall environmental footprint), health, safety, ethics, social et al.
2. Information transparency: Thanks to new technologies, internet of things, information becomes more and more transparent and can be filtered and clustered (simplified resource management, incl. workload, machines, infrastructure, finance, ...). It has been proven that reduced complexity increases the reliability of a product, service or process.

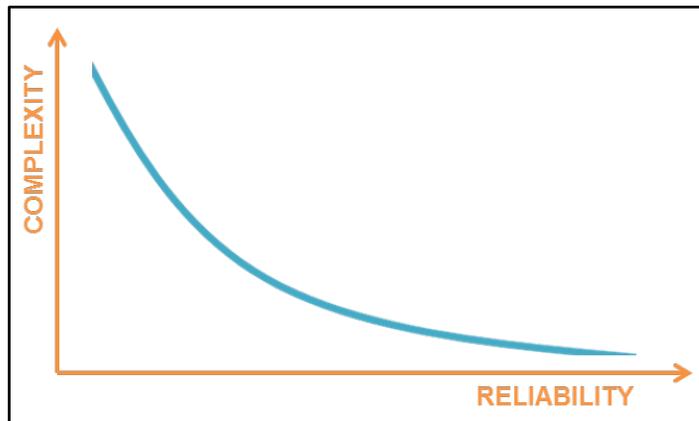


Figure 1: Reduced complexity increases reliability

3. Innovative assessment methods to transform businesses into leaner organisations to compete successfully against low-cost offers from overseas: analyse the monitored data and turn it into actionable business insights to become more effective and improve internal processes, reduce cost and hassle (incl. infrastructure diagnostics, financial solutions, services, etc.).
4. Improved performance and operational efficiency: the pressure on the bottom line but also the high performance expectations require distinct focus on cash flow generation and improved return on assets, improved operational efficiency, more effective resource management, mitigated risk and quality improvement.

To draw advantage out of these trends, a manufacturer will do well to

- establish or extend the offer of holistic professional services
- implementing a strategy that would have to be directed top-down (top management shifts focus from product centric to customer-centric view, advanced internal and external training, incentive scheme adjusted according to new priorities)
- with a clearly customer oriented view.

Such holistic offer will result in an increasing market share because great service offers strengthen the ties with the B2B customers sustainably delivering them peace of mind as well as improve the image and reputation in the market stunningly.

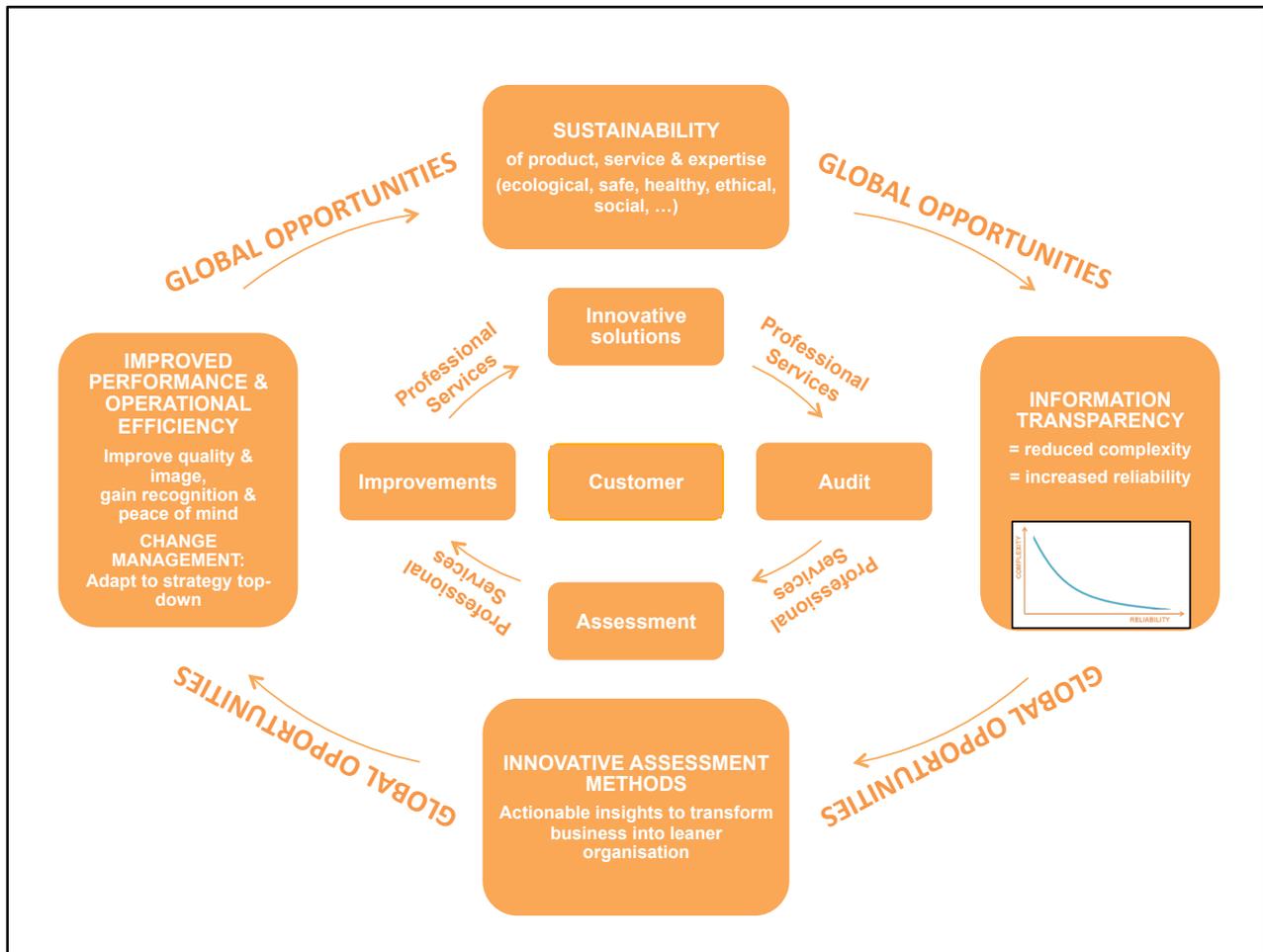


Figure 2: Opportunities of customer-centric professional services

## 2 IMPLEMENTATION OF PROFESSIONAL SERVICES

### 2.1 TOP-DOWN IMPLEMENTATION WITH IMPACT ON COMPENSATION

Broger Management Services notices that despite anchoring determination or purposeful innovation in company values, some major innovations are not lead tightly enough from the top. Hesitant senior and middle managers can block future oriented initiatives, because the customer-centric focus is not clearly enough supported. Unfortunately, many initiatives scotch as soon as they would need the collaboration from different departments; the process slows down due to uncertain responsibilities and a rather stiff focus on compensation related, “traditional” product-centric priorities. It is not always obvious, who in the organisations decides on the effective selection of the most promising ideas.

Neither is it clear who manages the overall innovation projects – some parts of the projects are handled by R&D, some by Marketing etc. but the departments have different project plans and timings. Even more, great achievements on one or the other solution do not have any implication on the compensation of the organisation. So, different departments have different agendas and priorities. This lack of *focus* hinders a *market trend oriented, customer-centric, speedy innovation management*.

## **2.2 SHIFT FOCUS FROM PRODUCT- TO CUSTOMER-CENTRIC**

Another observation in Swiss production companies shows that most internal processes and structures are product-oriented: Supply chain KPIs aim to keep product cost levels down, the performance of R&D departments is measured on new product functionalities only while service offerings can be neglected. Marketing and Sales teams will have to find last-minute enrichment programs for these offerings before launch. Therefore, not only the processes but also all connected task lists should be extended with service functionality requirements that serve the customers best. Maybe the customer prefers to pay a premium for a tailor-made adaptation of the product; R&D should include different levels of service packages which can enhance the overall quality and sustainability of the offer. What's more, the innovation process doesn't stop at launch date, the perceived performance must be assessed and adaptations implemented during the whole product/service life cycle. A clear *customer-centric strategy* enables the necessary *improvements throughout all processes and capacitates the most efficient structures*.

## **2.3 INFORMATION & COMMUNICATION: KEY REQUIREMENTS FOR A SMOOTH CHANGE MANAGEMENT**

As most of the sales representatives and service teams are used to sell products, they would need *further training, and explaining information on professional services* and its advantages. As soon as an offer is non-tangible, it's hard for a majority of the organisation to sell it with conviction and determination. Employees should not only see the additional workload to promote a new service but the value creation of it. Maybe it makes or breaks a deal, maybe it's the unique selling proposition.

## **2.4 INNOVATION ACCELERATION: SHORTEN TIME TO MARKET**

Great innovations are in the pipeline to be developed to market ripe solutions. Due to the above mentioned variety of priorities within the different departments, speed to market suffers clearly. The result is that the value of initially attractive innovations is being decreased to me-too offers. As long as an innovation is a key differentiator, hence contains a strong *unique selling proposition, the production company can charge an attractive price for it*. But once the innovation has become an industry standard, it only supports its manufacturer to stay in business.

## **2.5 MEASURE THE VALUE OF SERVICES**

Delivering services means dealing personally with customer personnel. Done properly, it will start building trust-based relationships, making the provider a trusted advisor or partner. These customers are very likely to buy more products and services in the future and are well on the way to becoming loyal, highly profitable customers for life. Therefore, *the benefit of a service must be measured in the long-term view*. As nicely visualized in the figure below, not all benefits of a professional service solution can easily be transformed into financial numbers (improved image, peace of mind, ...).

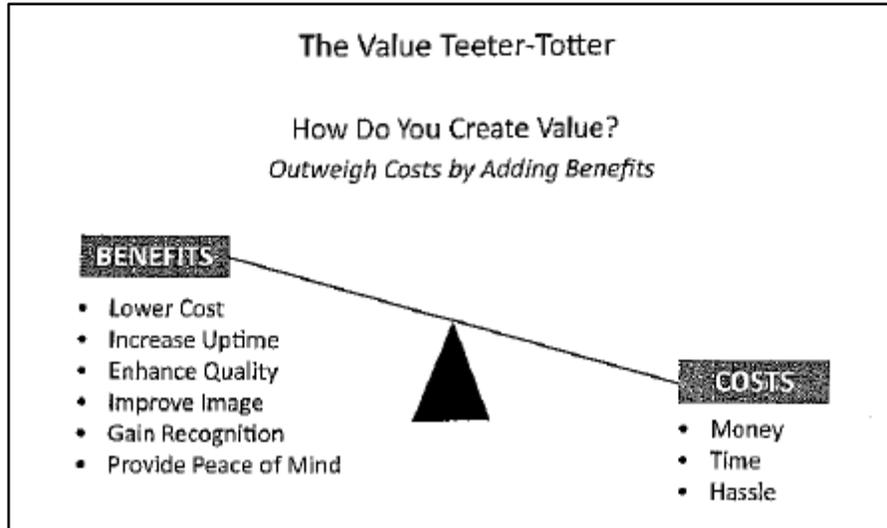


Figure 3: The Value Teeter-Totter by James A. Alexander

### 3 CONCLUSION

Broger Management Services recommends evaluating the following actions in order to continuously offering state-of-the-art solutions to B2B customers:

- Extend the development of professional services to become a trusted partner of your B2B customers.
- Set up proper idea generation and idea selection processes, define priorities top-down with courageous determination: focus and reallocate technical, human and capital resources from top management: Extending technological leadership and expertise by escalating down not only product but also professional service priorities from the top management throughout the whole organisation in order to deliver sustainable value propositions to your customers. And by the way, before employees can take over new projects they must be freed from other tasks first.
- Change compensation schemes incorporating professional service achievements and quality feedback according to the global company focus.
- Shift from inside-out to outside-in perspective aligning the offer with the customers and global industry trends. This change may have an influence on the organisational set-up of innovations: Is it still appropriate to put the management of innovations in the hands of R&D or which role shall Marketing play? Coordination, alignment, lead?
- Time to market: Improve innovation management processes to shorten time to market, integrating all departments by an ingenious collaboration
- Change Management from product production company to sustainable solution provider: changing the attitude of a whole organisation is most challenging because employees are proud of what they have achieved so far and are resistant to change. A consequent communication, frequent information and streamlined training are required. A variety of communication instruments must be applied, including Social Media, internal road-shows, webinars, e-learning, etc.
- Develop and invest into professional service people who manage the transformation from product to solution provider and develop skills like process mapping and business process optimization, measuring service benefit, ...

Please, do not hesitate to contact us for further advice: [www.broger-management.com](http://www.broger-management.com)