Shaping Service Productivity

On the level of actively influencing service productivity, one central challenge lies in designing models aimed at developing and providing new services. In an age where the race to innovate is fierce, and in which adding value and generating profits are things increasingly dependent on services being brought to market rapidly, the development phase must be considered more than ever in terms of productivity. Another challenge to the management of service productivity may well be recognising the opportunities and risks of standardising, automating and industrialising. We can assume that the rationalisation of the service industry will not follow the same pattern as in the goods industry, but rather that the paths to industrialising that evolve in the service industry will be defined much more by fast-changing customer needs and preferences. Because services are by their very nature dependent on people, innovative human resources management concepts will play a key role in shaping service productivity. One of the aspects in this field that is in need of further research is the development of designed solutions that enable employees to identify the factors that make customer interaction successful, and to utilise these in order to increase the productivity of the services they are providing.

More Productive Through Networking: the “Service Productivity” Strategic Partnership

A strategic partnership has been initiated that goes beyond the funding focus and includes non-funded elements as well. This was done in order to bring together as many different players and observers as possible, and to develop solutions using their combined strength. The “Productivity of Services” strategic partnership aims to link service productivity issues with central issues of innovation management in the service industry as well as to drive the political debate on this area of research. The aim is to advance the entire field of research and development on service productivity.

At the heart of this strategic partnership are eight working groups that bring together stakeholders from business, science, academia and politics, in order to investigate one of the following topics in depth:

- Productivity of service systems
- Productivity in service development
- Productivity of service work
- Service productivity derived through technology
- Controlling service productivity
- Service productivity in small and medium sized businesses
- Micro- and macro-economic aspects of service productivity
- Scientific basis and service science

This strategic partnership is taking on the tasks of a meta-project for this funding focus. It is guided by a high-level advisory board, whose responsibilities include providing an impetus to the German government from the standpoint of the demands of the High-Tech Strategy 2020. For more information on the subject please visit: www.service-productivity.de

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HIGHTECH-STRATEGY

Igniting Ideas!
Productivity as a Success Factor

The increasing pressure to innovate and compete in the markets of the service industry is driving service providers to constantly improve their offerings as well as their performance. In order to achieve this, it is essential to professionalise services and thus make them more productive. However, so far neither academia nor industry has provided suitable answers to the question of how service productivity can be measured, evaluated, shaped – and increased.

The overall economic growth potential of the service sector is considerable. This potential can be exploited even better by increasing the productivity of services. In a service economy, the productivity of services represents a fundamental source of national economic prosperity and employment. This in turn makes it a crucial factor in the competitiveness of German businesses. For new services to be accepted and disseminated, and for the quality of existing services to be assured, their productivity is a significant prerequisite. That is why it is important to examine more closely both the theoretical foundations of service productivity, as well as the way it can be measured, evaluated and managed in practice.

In order to achieve this, it is necessary to examine more closely both the theoretical foundations of service productivity, as well as the way it can be measured, evaluated and managed in practice. There are two main elements to this analysis: firstly, it is necessary to examine the factors that determine the productivity of services, to develop a common understanding of the term “service productivity”, and to take different approaches to the logic of productivity within the value-added process into account. Firstly, complex services often involve numerous different service providers, each with its own rationale, contributing to the process of making the service available. Secondly, customers are providing a growing share of services themselves, which has to be taken into account when assessing added value and productivity.

The “Service Productivity” Funding Focus

The aim of this funding focus is to gain a better understanding of service productivity. The joint projects it supports develop practical instruments and methods for measuring and influencing the productivity of services. A range of different approaches to improving productivity are made quantifiable and comparable to one another. These projects clarify and quantify the value of services not only in terms of customers’ willingness to pay, but also in terms of corporate value. The services that constitute part of combined (i.e. hybrid) product packages are made calculable so that companies are able to identify the share of their added value, which is service-derived. This also creates a basis for management so that companies can develop services as a strategic field of business in their own right.

The “Service Productivity” Funding Focus scheme. Throughout the 2009 to 2013 funding period, the BMBF supports collaborative pre-competition research projects with the intention of filling gaps in research into the service industry, as well as developing and testing new methods and instruments for shaping services. This funding focus on service productivity is therefore a key contribution to the overall goals of the scheme – to strengthen the market position of German services as a whole.

Conceptual and Analytical Penetration of Service Productivity

On an analytical and conceptual level, a significant challenge is to identify the factors that determine the productivity of services, to develop a common understanding of the term “service productivity”, and to take different approaches to the logic of productivity within the value-added process into account. Firstly, complex services often involve numerous different service providers, each with its own rationale, contributing to the process of making the service available. Secondly, customers are providing a growing share of services themselves, which has to be taken into account when assessing added value and productivity.

Measuring and Evaluating Service Productivity

On the level of measuring and evaluating service productivity there is the particular challenge of developing specific measurement and evaluation processes, along with the instruments they require for them, for the various different types of services that exist. Such tools have to be targeted enough to identify the key factors impacting productivity, but they also have to be flexible enough to reflect the complex reciprocities involved in the process of providing services. For example, little is known about what customers consider to be a productively provided service. There is also a lack of instruments and methods that allow the service quality perceived by customers to be linked to internal performance figures and instruments. And where there are figures on customer satisfaction, these are only rarely used for systematic productivity management. This may be partly due to the fact that there is little empirically backed information about the factors that influence customer interactions in terms of quality and productivity in areas of the service industry where interaction between customers and service providers is important.