



# Service at a Crossroads

Don't Just Survive:  
Set a Strategy for Growth

By Shellina Damji, Senior Consultant, Kepner-Tregoe Technology Practice

“Getting the right strategy means you have to assume your competitors are damn good, or at the very least as good as you are, and that they are moving just as fast or faster. When it comes to peering into the future, you just can't be paranoid enough.”

– Jack Welch



RAPID RESULTS. LASTING VALUE.

If Service and Support in the US is a \$125 billion industry (SSPA), what piece of the pie is yours? And what is your potential for growth? Despite the momentum of a high-growth industry, service and support organizations are grappling with flat or even shrinking service revenues, increased complexity, and multi-vendor issues that drive up costs. These and a host of other problems are creating dissatisfied customers, shrinking profit margins, and disappointed shareholders. At the same time, service management is being challenged to win a bigger piece of the pie.

Most service organizations respond to these challenges in a haphazard manner in the absence of a clear, focused strategic direction. Typical customer service improvement efforts tend to focus on re-structuring the organization, or redesigning the case management tool, or developing a knowledge management tool, or developing skills in human capabilities, or re-engineering the escalation process, etc. These improvement efforts usually have a short term positive impact on the organization and in some cases creates bigger challenges if they are not implemented within a strategic framework. Kepner-Tregoe's Service Value Management model describes a holistic, systematic approach to create business value for service organi-

zations by creating higher **customer satisfaction** and greater **efficiency** in the service delivery.

If you want to survive *and grow* in this turbulent environment, you need a strategy. Your service organization has momentum and is headed somewhere, whether consciously or unconsciously. Why not identify the road map that will lead it in the right direction with purpose?

A service strategy guides choices that determine the nature and direction of your service organization. It is not a single decision. A strategy is a cluster of decisions that have different variables but meld into a coherent whole. No decisions are more far reaching, or have a greater impact on your organization than those made in formulating a strategy.

A service strategy provides an energizing, resilient infrastructure for service management. Your strategy helps you target the activities that will maximize the return on your investment in technology, innovation, people, and other key factors. It can prepare you for new technological breakthroughs and looming competition and helps you to retain and attract talented staff. An effective strategy demonstrates the value of the service organization to the overall business.



CLV = Customer Lifetime Value

### Strategy & Culture

Aligning the focus of your service organization with your corporate strategy and developing a competitive advantage

### Monitor and Control

Establishing the value dashboard for effectively managing the performance of your service organization

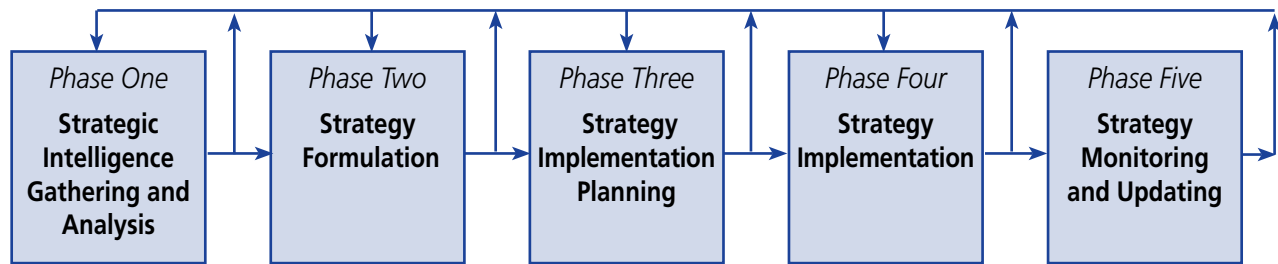
### Service Processes

Delivering value to your customers through best-in-class troubleshooting and service delivery

### People, Tools, Organization

- Maximizing the capability of your people
- Leveraging your tools
- Optimizing your organization structure and systems

## The Kepner-Tregoe Strategy Formulation and Implementation Process



A service strategy is the basis for managing the Total Customer Experience (TCE) to:

- Create competitive advantage
- Attract loyal customers who will increase profit margins
- Provide differentiated services that prevent customers from driving down price.

Setting the right service strategy is critically important and exceedingly difficult. Strategy deals with ends, not means; with what the business is and should become. The focus is on the future, so there are many unknowns. It requires making a judgment about the service organization's reason for being. Such judgments are difficult to make and even more difficult to test. How do you know you have the right service strategy?

While we don't have a crystal ball, we do have 50 years of experience in evolving our strategy formulation process and incorporating the lessons learned while facilitating strategy formulation and implementation within organizations. To formulate the right service strategy several factors help ensure success:

### Have the right people involved

Most strategic decisions involve both subjective and objective evaluation criteria, so having the right people with the necessary credentials is essential. The "right people" are those whose thinking, judgment and counsel command the respect of the person leading the service organization. The leader must have confidence in the direction the team helps set. Chemistry is important. The individuals that set strategy must be candid and honest with each other and as a group.

### Follow a process

We define process as *a necessary sequence of steps by which information and judgments are organized so that a conclusion can be reached*. To set strategy requires a process which is rational (follows a logical, step-by-step approach), selective (separates the relevant from the irrelevant) and universal (independent of the content to which it is applied). The process must capitalize on the instincts of the organization's leadership and make them explicit so they can be critically examined. It must answer the question, where should the service organization be headed?

Strategy is formulated in the present but designed for the future. The process must focus on defining and testing judgments about the service organization's future so that a coherent framework emerges that can guide operational planning and decision making. The process shows the logic behind conclusions and pinpoints your successes or failures.

### Know your end results

An activity as complicated as setting strategy requires a clear definition of end results. Six end results of a clearly defined service strategy are:

1. A clear statement of strategy that can be easily retained
2. A shared commitment and understanding among your top team to this common direction for your service organization
3. A vehicle of communicating your service strategy throughout the organization

4. An approach to implementing and managing your service strategy
5. A basis for simplifying and managing short and long-term planning
6. An understanding of the strategic process that can be re-applied

#### Plan for “critical issues”

Strategic thinking has its consequences. While a clearly defined strategy can allow a service organization to command its future, it cannot guarantee success or promise deliverance from all uncertainty. In fact, critical issues will arise that may require changes to the service organization’s structure, systems, resources, technological needs, management or other parts of the organization. For the strategy to succeed, a plan is needed to resolve these critical issues and make any necessary changes.

#### Make strategy happen

A well formulated service strategy is only the first step. Formulating strategy is the responsibility of the top leadership, but implementing strategy involves strategic management of your entire

service organization. Strategic management is a continuous process. It begins with strategy formulation and continues to implementation. Then it moves to reviewing and updating as conditions change. Making strategy happen links what your service organization wants to become with how it should get there. Your service strategy must be fully integrated into your management, structure, and processes.

Fierce competition, technological breakthroughs, growing customer demands, and the challenge to innovate can pull an organization in every direction. As the service and support industry has grown and the service organization has matured, service management has been recognized for its value to the organization as a whole. Today strategic thinking can provide a much needed framework for focused and effective action that provides growth in revenues, growth in margins, growth in services and growth in your competitive differentiation to ensure survival.

*“And the trouble is, if you don’t risk anything, you risk even more.” – Erica Jong, 1842*



**Shellina Damji** is a senior consultant with Kepner-Tregoe, Inc. Her primary focus is on strategy formulation and implementation, the facilitation and delivery of critical thinking skills, and analysis of organizational processes.

**Kepner-Tregoe (KT)** helps organizations dramatically improve strategic and operational outcomes. Combining proven technologies, capabilities, experiences, and a way of doing business—the KT Way drives predictable, measurable results. KT collaborates with organizations to diagnose their greatest needs and design effective solutions. KT brings together just the right resources to deliver rapid results. Because the work is collaborative, improvements are sustainable and add lasting value. This approach offers a more effective alternative to traditional business consulting.

KT has a systematic, ITIL-recognized approach that streamlines customer care programs, accelerates resolution, and reduces costs. In collaboration with KT, support organizations dramatically reduce the time and cost to resolve the most expensive, high-risk, mission-critical problems, preserving and strengthening important customer relationships.



For more information, visit us at [www.kepner-tregoe.com](http://www.kepner-tregoe.com)  
or e-mail us at [info@kepner-tregoe.com](mailto:info@kepner-tregoe.com)