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EXPLORING WHY ESTABLISHED COMPANIES NEED SERVICE DESIGN. THE CASE OF TWO BASQUE SERVICE ORGANIZATIONS

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Regardless of the sector in which companies operate, a raising number of service organizations are looking for new approaches capable to offer more competitive value propositions. Literature reveals that service design, as a human-centred approach, can assist companies in such purpose. This research focuses on the analysis of two companies aiming to integrate service design skills into their organisations. Both companies are national leaders in their market sector – scholar catering and customer services. The aim of our research is to unhide what reasons persuaded these companies to activate such transformation. Our research wants to contribute to understand why more and more organisations are adopting service design as a central approach for innovation and growth. The research method consisted two semi-structured interviews with top and middle managers of each company. The results show that these two companies look for service design skills to keep on a leadership position by gaining real knowledge about their clients' end-users, breaking down organisational silos and adopting agile processes for the development of more valuable, multichannel and tailor-made services.

Keywords: *service design; service design skills; embedding service design; human-centered design*

EL CASO DE DOS EMPRESAS VASCAS EN BUSCA DE CAPACIDADES PARA EL DISEÑO DE SERVICIOS: RAZONES CLAVE

Independientemente del sector en el que operan, un creciente número de organizaciones de servicios están buscando nuevos enfoques capaces de ofrecer propuestas de valor más competitivas. De acuerdo con la literatura, el diseño de servicios puede asistir a las empresas en tal proceso. Este estudio se centra en el análisis de dos compañías que buscan integrar capacidades para el diseño de servicios. Ambas compañías son líderes en su sector: servicios de restauración colectiva y servicios de atención al cliente. El objetivo del estudio es identificar las razones que impulsaron a estas empresas a comenzar dicha transformación. De esta forma, se busca contribuir a entender por qué cada vez más organizaciones están adoptando el diseño de servicios como enfoque central para la innovación y el crecimiento. El método de investigación consiste en dos entrevistas semiestructuradas con directivos y mandos intermedios de cada compañía. Los resultados muestran que estas dos compañías buscan capacitarse en diseño de servicios para mantenerse en una posición de liderazgo mediante la adquisición de conocimiento real de los usuarios de sus clientes, rompiendo los silos organizacionales y adoptando procesos ágiles para el desarrollo de servicios de mayor valor, multicanales y personalizados.

Palabras clave: *diseño de servicios; capacidades diseño de servicios; integrar diseño de servicios; diseño centrado en las personas*

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1. Introduction

Designing services is now more complex than ever due to the “growing complexity of service systems, the emergence of multichannel services, customer co-creation of service experiences, and the need for interdisciplinary methods” (Patrício, Fisk, Falcão e Cunha, & Constantine, 2011, p. 180). Therefore, a raising number of service organizations are looking for new approaches capable to offer more competitive value propositions (Patrício & Fisk, 2013). Hence, organizations need to shift from traditional approaches focused in delivery systems, processes and mechanisms to the incorporation of the customer experience in their service development processes (Bailey, 2012). Literature reveals that service design as a human-centred approach can assist service companies in such purpose (Costa, Morelli, & Magee, 2017; Iriarte, Hoveskog, Justel, Val, & Halila, 2018; Iriarte, Justel, Alberdi, Val, & Gonzalez, 2016; Teso & Walters, 2016; Yu & Sangiorgi, 2017).

Service design was firstly introduced at the beginning of the 90s at the University of Applied Sciences in Cologne (Foglieni, Villari, & Maffei, 2018; Mager, 2009) as an holistic approach focused on ‘solutions’ rather than in ‘design silos’ (Newhouse, 2015). Although researchers and practitioners have not reached a thoroughly agreed definition of service design (Arico, 2018), it is mostly recognized as a multidisciplinary practice contributing to service innovation (Ostrom, Parasuraman, Bowen, Patrício, & Voss, 2015; Patrício et al., 2011; Sangiorgi & Prendiville, 2017; Wetter-Edman et al., 2014). Stickdorn, Lawrence, Hormness, and Schneider (2017) stablished the ‘principles of service design’ as human-centred, collaborative, iterative, sequential, real and holistic. Service design combines the traditional capacities of design, such as creativity and user-centricity, with a new perspective that specifically addresses service innovation. Particularly, organizations can benefit from service design through the understanding of the holistic user experience and context, co-design, the alignment of service resources and processes, user engagement and building in-house capacity for value co-creation (Iriarte et al., 2018; Patrício, Gustafsson, & Fisk, 2018; Yu & Sangiorgi, 2017).

Service design is no stranger to the ‘outsourcing dilemma’ (Heywood, 2001). There are examples of both companies that presume of their own capabilities for good design (i.e. Uber, Airbnb, IBM) and top ranked agencies that use design as their core competence too (i.e. Ideo, Fjord, Livework). Which would be the better choice for a company – whether to hire in-house designers or to outsource a design agency – is not clear and discussing it is outside of the scope of this paper. However, some researchers have unveiled that embedding service design implies not only the design of new services and aligning processes to deploy them, but also a cultural transformation towards a more user-centric organization from whom organizations can benefit (Yu & Sangiorgi, 2018).

Hence, acquiring in-house competence for service design is a change process itself. It does not only require gaining new knowledge, but also changing individual acting, organizational processes and culture (Stickdorn et al., 2017). Embedding service design does not focus on punctual service innovation, but it seeks to introduce the capacity for service innovation over time (Yu & Sangiorgi, 2018). Organizations that do not change their modus operandi towards more service-oriented and user-centered approaches will hardly embed service design practice sustainably. However, it is “likely to meet resistance from parts of the organisation not understanding the service strategy or simply fearing the implications of cultural change” (Calabretta, De Lille, Beck, & Tanghe, 2016, p. 93). Service design in its transformative form can support breaking down organizational silos to accomplish such change (Kuosa, Westerlund, Inkinen, & Concept, 2013).

A golden rule for the adoption of service design does not exist. Even if some researchers have proposed models to help organizations embed service design – as it is the case of Bailey (2012), Beckman and Barry (2007), Lima (2017) and Iriarte (2016) – they have not reached

the support of the service design community due to their theoretical nature or context dependence.

Nevertheless, examples of organizations that have successfully embedded service design are showing up increasingly. That is the case of PepsiCo, whose CEO Indra Nooyi asserts she managed to overcome seven years of flat income by introducing Mauro Porcini – a designer recognized for building design culture in 3M – among her team (Ignatius, 2015). She claims that it was not easy at the beginning to change their employees' mindsets about design from 'packaging' to complete user experience, but thanks to a deeper understanding of their customer needs they have been able to build an innovative product portfolio that engages consumers. Now, design has spread along the organization to the point that influences strategical decision-making.

Another example is BBVA bank, which is making giant efforts to promote design practices along the entire organization. As Alameda (2018) reports, they understand all employees should be trained in service design to some extent in order to improve the customer experience, apart from the 150 designers they already hire. She explains this is part of an organizational culture transformation project that aims to train employees to put users first. For that purpose, they have designated 1,000 design 'ambassadors' that spread good design practice among the organization. Alameda concludes that thanks to design practice, now they gather customer feedback systematically and have innovated in more user-centered processes and services.

While many authors have exposed cases of success of service organizations that have embedded service design and have pointed out the attained benefits, they always inform from a service designer's perspective that does not necessarily have to be aligned with the real motivations of the companies to address design. There is still much to be learned about which are the exact triggers that push service organizations to take steps to acquire service design capacity, especially because there is a gap of knowledge on why this decision is taken from an organizational point of view. In addition, it is unclear whether these triggers might be the same or different depending on contextual factors such as the company size, its position in the market or the sector it operates.

This research studies the cases of two Basque established service organizations that are currently immersed in an organizational transformation towards embedding service design. Both are national leaders in their respective sectors, customer service and collective catering. The aim of this paper is to unhide what reasons persuaded these companies to activate such transformation and what results they expect. Besides, it compares two companies with similar contextual factors regarding their geographical location, company size and previous experience with design, but operating in different sectors in order to find correlations and differences that determine to what extent this aspect affects to the decision of taking up design.

The present paper is divided into five sections. The first and present one is an introduction to service design and shares some knowledge and examples of the literature on how other organizations have embedded design. The second one introduces the two companies that are subject of study in this research, followed by the explanation of the research method in the third section. The fourth section contains a detailed description of the results of the research. Finally, the last section gathers the overall conclusions and suggests opportunities for further research.

2. Research Method

This study uses two case studies, which explore the first steps of two organizations embedding service design competences. Specifically, the purpose of this research is to identify the triggers that motivated these companies to embed design and what they expected from it. It seeks

what reasons in particular encourage large, established organizations to turn design to a central competence. For that reason, the data was collected through semi-structured interviews in both companies as a method to “delve deeply into a topic and to understand thoroughly the answers provided” (Harrell & Bradley, 2009, p. 27).

Table 1 lists the interview participants and their position in their organizations. All of them have actively participated in the design-embedding projects and have a cross-departmental view of the organizational activities and processes. In addition, intermediate managers – Project and Technology Manager in Company A, and SQE Manager and Sales Manager in Company B – provided the strategical vision of their respective organizations.

Table 1. Position of interview participants in their organizations.

Company	Participant
Company A	Project and Technology Manager
	Service Designer 1
	Service Designer 2
Company B	Systems, Quality and Environmental (SQE) Manager
	Sales Manager

Before conducting the interviews, an interview guide was defined. The guide was supported by a list of topics relevant to the research objective. Using a pre-set structure for the interview ensures the interviewer to go through all the desired topics and enables comparison across the interviewees’ answers (Edwards & Holland, 2013). Similarly, a set of one or two questions per topic was prepared in advance, although these were used as examples to aid the interviewer conduct the dialogue. In-depth semi-structured interviews require a certain degree of flexibility to make participants feel comfortable digging into their thoughts and find the way to communicate them through self-experienced narratives and stories (Whiting, 2008). In addition, Whiting suggests that unplanned questions – and even topics – might emerge during the interviews as the researcher learns about the concerned topic. Table 2 represents the interview guide. It shows the list of topics addressed in the interviews and the example questions prepared in advance.

The semi-structured interviews lasted 31 minutes and were recorded and transcribed. They were carried out in-house at the company and were conducted by one interviewer. The collected data was studied through cross-case analysis in order to find commonalities and difference in the results of the interviews of both companies (Khan & VanWynsberghe, 2008). The data about both companies was classified in topics in order to facilitate the identification of patterns and correlations. The results presented in paper are based on the data gathered in the interview. The following section explains the results and findings of the analysis of the collected data.

3. Background. Description of involved organizations

This section aims to disclose the nature of the two Basque organizations involved in the research and serve to understand the specific context this study was carried out.

3.1. Company A: service centre

Company A is a national leader among the sector of the service centres. It was founded in 2005 and today employs above a hundred people to offer services such as 24h contact centre, multilingual contact centre, technical assistance, telesales and field marketing, among others

Table 2. Interview guide with the list of topics of discussion and example questions.

Topic		Example questions
1	Aim	Which are the reasons that encouraged you to undertake this project?
2	Trigger	Which was the decisive fact that made you take the decision to undertake the project? Why did not you do that earlier in time?
3	Design	Why did you decide to use “design” as central driver of this project?
4	In-house designer	Why have you decided to hire a service designer to carry on this project instead of outsourcing design?
5	Challenges	Which are the principal barriers and challenges that you have come across in this project? How have you got over them?
6	Organizational change	Which processes, products and/or services do you expect to change through this project?
7	Organizational culture	What is the general mindset in the company when it comes to design?
8	Organizational strategy	What place does design have in your strategy formulation and execution? What place is it expected to take up after this project?
9	Competitors	How far have your competitors implemented design as core to their business? Are you ahead or behind your competitors when it comes to that?
10	Benefits	What benefits have you reaped so far?

in their three offices and seven shops. It is the intermediary between the client and the end user, so understanding the needs and engaging with customers is core to their business.

Recently, one of their principal clients – a large supermarket chain – asked Company A to develop and implement a certain project that resulted to be innovative and differentiator for the market sector: a digital platform where users can try products and share their feedback. Company A, impressed with the novelty and the quality of the service concept, asked their client who had designed it. Students of the Master’s degree in Strategic Design of Products and Services of Mondragon University had designed it.

Hence, Company A visited the coordinators of the Master’s degree and delved into the disciplines students had applied for the design of the service concept, *id est*, service design and user experience (UX). After some conversations, they decided to hire In-Company training sessions where university lecturers train intermediate managers of the company in the same fields of the Master’s degree: user research, service design and UX design.

After the training sessions, the Company A decided to hire two graduates of the Master’s degree to join their design team and start to embed competences for the design and development of new services. One university lecturer would supervise the project, which aimed:

- The generation of a new methodology specific to the company to design and develop new services, using design competences.
- Using design in the different types of projects the organization kicks off with their clients.
- To define and carry out an internal and external communication strategy in order to convince the organization and their clients – current and future – about the importance of using design.

Today, the methodology is developed so far and the company is starting to apply it in two pilot projects. A new design team has been formed that is in charge of spreading the design practice throughout the organization.

3.2. Company B: collective catering

Company B is the national leader in collective catering services and employs above 11,000 people among their 17 offices and 16 central kitchens located in Spain, France and Chile. Their principal business units are:

- Collective restoration services for education centres, organizations, hospitals, residences for the elderly and student halls.
- Cleaning services for education centres, industry, shopping centres, hospitals, residences for the elderly and student halls.
- Event management services.

The company decided to take the project due to a small competitor producing a market disruption at local level. The competitor brought a new approach to the sector of education centres, using participatory processes for the configuration of new services. The competitor used participatory design and created a new way for communicating the offering to the market. Company B had attended design conferences held by lecturers from the Design Innovation Centre of Mondragon University and related the proposal of the competitor with them. Therefore, they asked the university for advice and this suggested to hire a graduate from the Master's degree in Strategic Design of Products and Services and launch a project aiming to embed design in the new service development processes, in order to:

- To empathize with all the stakeholders of the service to identify, share and communicate their needs, motivations, desires and aspirations.
- To carry out participatory processes with all the stakeholders in the development of new services, such as children, relatives, school management team and employees.
- To design new services through a user centred approach. That is, more personalized services, participatory and focused in the user experience.
- To make tangible the value of the service through appropriate touchpoints for each stakeholder.
- To carry out participatory service prototyping processes to avoid future risks in the delivery and deployment of services.
- To communicate better and more efficiently the new service proposal of the organization to all the stakeholders.

Company B has already developed the new service and is poised to implement pilot projects. They have already generated marketing material and they are offering the service to their clients and potential clients. In addition, they have disseminated the first outcomes of the project and they are now planning a new project to acquire design competence in the other business units.

4. Results

Many similarities were found in the data analysis, even if both companies operate in completely different sectors. Below, similarities and differences between both organizations are described and key findings are highlighted.

4.1. Reasons for embedding design

The main reason that pushed both companies to modify the way they were approaching their service offerings was the market demand. One of the respondents of Company B started the interview saying “the need came from the market itself”, and “clients were asking us to go one step further. . . they asked us things that were not even in the market”, said one of the interviewees of Company A. Thus, clients were asking for new services there were not even in the market and hence they were not providing. Both companies realized they needed to build new competence to design, develop and deliver new service value propositions that could meet clients’ expectations.

The way that each organization became aware of that is different, though. Company A identified an opportunity in a design-led project a client showed them, where design acted as a driver for innovative value propositions. That coincided in time with the need of the company for restructuring. The company was growing and so their projects were doing in complexity, as one of them said: “if we wanted to take one step forward and keep growing and evolving, we needed to restructure internally because we were changing from being a small company to a bigger one”. Hence, they addressed design as a human-centered approach for the first time as a means to put order in their new paradigm and build competence to provide value propositions to the increasingly sophisticated client needs. However, Company B did not react until “a competitor anticipated us”, explains one of the respondents, capturing clients that had traditionally been loyal to them. This competitor highlighted user participation in the design process and created a new way for communicating the offering to the market. Company B decided to build up competence on design to replicate the participatory service offered by the competitor.

Respondents asserted that embedding design pursued goals both external (related to the market) and internal (related to internal processes) to the organization. Among external ones, Company A claimed that they were looking for gaining capacity to capture real user needs that would foster the design of complete user experiences instead of ‘just services’. They intended to focus in emotions in order to build relationships with their clients and end users that would engage and make them want to come back. The final purpose of all this was to gain differentiation and competitive advantage over competitors and to keep their leadership position in the market.

Company B was also looking for gaining competitive advantage. Actually, they were trying to recover the position in the market gained by their competitors. For that purpose, they were looking for building competence to involve users in their service design and development processes. At the beginning, this was principally a communication strategy to put user participation in value. They wanted to gather everything they were doing and giving a name to it, that is, using design as branding. However, once they started practising participatory design, they found they could use design for capturing user needs and designing ‘lunchtime experiences’ *ad hoc* according to the necessities of each education centre. Therefore, both organization have finally used design for designing differentiated user experiences based on a deep understanding of user needs, as one of the participants of Company B claims:

We have our own service development processes. But when we need to propose something different, we need some help. We have always said that we are close to our clients and we serve them, but this human-centred approach that design brings us goes one step beyond.

In respect to the internal objectives, both companies assert design has helped them to put order in their internal processes, particularly in those related to user research, new service development and innovation. Both companies were reconsidering their innovation models, since their traditional innovation processes had the focus in products and hardly contemplated user needs. In that regard, one of the interviewees of Company B declared the following:

Innovation is an area we are defining in the organization at the moment. . . Due to the influence of the industrial context surrounding us, we have understood innovation as something oriented to industry, product and technology. . . After identifying the need of the market, we decided to bound both paths (design and innovation).

Both companies affirm that the adoption of service design capabilities in the organization has been natural. They found that design could fulfil the gap in their innovation processes by bringing a human centered approach. As one of the respondents of Company A affirmed, “design has provided us with structure, method and tools on what we already were doing”. They consider that they have always designed services, but design provides the means for doing it effectively and efficiently.

Both companies declare that before introducing design practices they were used to provide ‘solutions’ to their clients, but now they have realized that they have to put in value their ‘way of working’. This means that their new value propositions are based in their competences for enabling user participation, capturing real user needs and ideating creative solutions. “We didn’t put a name to our services, we created our own methodology to provide a singular *ad hoc* service for each of our clients based on the understanding of real user needs through participatory user research methods”, says one of the respondents of Company B.

There are several reasons for these companies to have decided to hire in-house service designers instead of outsourcing design. First, the aim of both is not to design a certain product or service, but to build up design capacity. Hence, this would not happen if they outsourced design to an external consultancy.

Secondly, hiring new personnel to lead the design projects allows others to keep working on their daily work and spreading the design practice and culture smoothly throughout the organization. This way, it is possible to manage this process of change, avoiding dramatic changes that could stir up trouble in the organization.

Thirdly, one of the interviews of Company A says that “you need to practice what you preach”. She adds that if they are going to offer their design capacity as a core value, they need to be autonomous and capable to use design tools to deliver better user experiences.

Forth, one of the respondents of Company B points out that if the designers are integrated in the organization, the level of confidence is higher and it is easier the rest of the organization to support their work.

In the case of Company B, hiring in-house service designers will make a difference with what competitors are doing. They may not have been the first using service design, but they are the first building up long-term capacities in service design. Oppositely, Company A has not identified any competitors using service design at any level.

4.2. Challenges for embedding design in the organization

Both organizations declare they have faced some challenges for embedding design in the organization, as listed below:

- The two companies assert that starting is the most difficult. A participant from Company B says that even if “all theorists and books would say that it is necessary to anticipate market needs, the reality is that it is very complicated to move until you are on a knife-edge”. She declares that change is uncomfortable, as it requires get out of your zone of comfort, thinking differently and reaching agreements with colleagues. Nevertheless, they indicate that designers have helped them take the decision and have boosted change in the organization.
- Another challenge both companies share is to juggle the everyday work with the new project. These kind of projects are long-termed and require a lot of dedication, while

the everyday work remains the same. Also in the beginning of the project, someone has to explain the business in detail to the new designer before you really start working. “You need to explain them what, how and why you do what you do”, as claims an interviewee from Company A.

- A respondent from Company B points out that it is necessary to balance the short-term profitability with the long-term objectives. Internally, they tend to be asked to work on the short term in order to get results. However, they see it necessary to invest in the mid- and long-term in order to keep ahead in the business. They manage this dichotomy by disseminating immediate results to the organization to keep them engaged, while maintaining the focus in the desired vision.
- An interviewee from Company A highlights that service design as a participatory practice could come across with some attitudes that aim to undermine the process. Particularly when people are not aware of the projects tend to be reluctant to participate on it. However, they declare they have learned that keeping all stakeholders informed about the project and its goals from the beginning increases engagement and thus participation.

4.3. Implications of embedding design in the organization

Even if the projects are still ongoing, both organizations have experienced a certain level of transformation. In both organizations, change has started in a small project team dedicated to a certain project. The outcomes of the projects have increasingly been disseminated to all the units of the organization in order to raise awareness of the potential value of design practice and culture.

The main change noticed in Company A is that processes are now more participatory. This means that colleagues from different areas of the organization share their opinions from different points of view, enhancing creativity and fostering the ideation of enriched solutions for user needs. They explain that before they would not use user feedback, whereas now they incorporate it from the beginning of the projects on out.

Embedding design not only has affected to those who design the services and end users. The members of the staff in charge of delivering services (e.g., those who have to attend customer service phone calls or those doing telesales) are also users of the services they deliver. The better the services are designed, the greater their results in terms of, for instance, customer satisfaction or amount of gained clients. Therefore, the incorporation of design has directly impacted on the performance of internal users. In addition, experiencing design and having visible impact on results helps the members of the organization understand the value of design and hence support it.

Furthermore, they explain that the understanding and openness for integrating design is different in each department of the organization. They claim that those department accustomed to change have easily accepted the new approach brought with design, and *vice versa*. Drastically changing mindsets in departments that have kept the same activities and routines over decades is a difficult challenge. Company A plans to spread out design culture to the rest of the departments first, put it into practice and they expect the ‘controversial department’ to end up taking design naturally.

In the case of Company B, they assert they are still taking the first steps in what refers to embedding design in the organization, as only a small team is practicing it yet. However, the rest of the organization has reacted positively to this new designerly approach for innovation as they have been able to visualize quickly how it can generate value for clients and for the organization, as one of the participants explains:

We have managed to bring this project back down to earth rapidly and we can see that we are already offering it. It is something you can feel and touch, you explain it and people understands it. It is not the case of one of those innovation projects remaining 'up in the air'.

In regards of building up a new design-oriented organizational culture, they expound that it was easy because the organization at a whole was aware that they needed to make things differently to fight the threads of the market.

Both organizations assert that design plays a certain role in organizational strategy. In company A design is understood as covering up all aspects of the organization. "Planning, setting objectives, managing, all that means designing the way you are going to work; design is the grounding for then reaching the objective you want", declares one of the respondents. From a customer-centred point of view of design, the participation of different stakeholders also means a lot of useful information for improvement and change for the company. In the case of Company B, as they understand design as a means for innovation, it is already embedded in organizational strategy.

It is also worth to point out that the CEOs of the two organizations have boosted these change processes. For instance, one of the interviewees of Company B asserted that the support of the top management in the project was essential for its success and helped to build confidence in the organization.

4.4. Early benefits and vision

Both companies expect to reap the major benefits of service design practice in the long-term – in fact, that is the principal reason why they are embedding it instead of outsourcing it. As they are still arranging pilot projects, they have not got any results in income yet. However, at this point, they have already identified some positive results related to the implementation of service design as listed below:

- The raise of internal and external participation in the projects. Internal participation has derived in the formation of working teams and more engaged employees. The external participation means capturing real user needs and being able to design tailor-made service value propositions. This also fosters user and client engagement with the organization.
- Learning to start with small projects and making changes through controlled iterations. One of the interviewees of Company B declares that before they would do it just the other way around, that is, they would design a complete new service and launch it completely trying to provoke a big impact in the market from the beginning. However, he also says that they were unable to manage the launch of projects with such large dimensions.
- Related to the previous point, they have built competence to react to market demands more quickly through service design.
- They have already gained competitive advantage and differentiation. Even if economic benefits are still to come, their clients are seeing they are moving forward, developing new services aligned with their needs.
- They have set a clear vision about what competences they need to build up for successful service innovation. Internally, employees are seeing that the organization is moving in the right direction and share that vision.
- They have built competence to visualize new service value propositions and to get quick market feedback without making big investments.

4.5. Vision about design in the organization

Both companies have a similar vision of the role that design should play in the mid-term, once it is fully embedded in the organization. They coincide that design needs to be spread out and practiced in all areas of the organization naturally as a means for innovation.

Some in Company A pinpoint that once design is embedded in the organization, teamwork and participation will be usual and will boost creativity to generate “many ideas, from different people, from different points of view that can result in technology, design or people needs”. In Company B they describe design as “a little engine that boosts innovation and. . . pays attention to the market, quickly notices new market needs and that is agile in developing new solutions”.

Moreover, a respondent of Company B declares that their goal is design to be a management tool in all the organization. Also, they consider as of major interest to foster more effective and efficient internal processes through design.

Finally, even if both organizations understand that design culture and practice should happen in all areas of the organization, they also indicate the need to dedicate some human resources specifically to lead design and innovation processes.

5. Discussion and Conclusions

This research helps to understand why large, established service organizations are increasingly resorting to design to maintain their leadership positions in the market. In that sense, it also contributes to understand the role of design from an organizational point of view, instead of the designerly point of view that is more common in these kind of studies as it is the case of Calabretta et al. (2016), Patrício et al. (2018) and Yu and Sangiorgi (2018).

Results show correlations between the responses of the two organizations, even if the market sectors where each of them operate are completely different. To start with, both organizations aimed to gain competitive advantage and differentiation by the acquisition of service design capacity. In addition, market explicit demand for taking “one step further” on what they were currently offering – that is, offering new solutions – was the trigger for both organizations for making the decision about building design competences. Thus, the two organizations declare that design plays a key role in the organizational strategy. Also, the two organizations understood design as a means for the internal transformation of the organization processes. Both organizations were reconsidering their innovation model in the moment they decided to take up design competences and both had strong interest to use design as an instrument to put order and methodology to their actual service innovation processes. Finally, both companies decided to start the process of embedding design competences starting with small projects before scaling up, as Stickdorn, et al.(2017) and Martinkenaite (2017) recommended.

There are also some differences between the two cases. While Company A has anticipated to their competitors in building design competence, Company B started this project after a competitor had already used service design for fostering innovation through participative processes. This could be explained due to market-related contextual factors. Hence, the sector it operates may affect in an organization whether to make decision to embed design or to wait.

The results of this research must be considered tentative. This paper sheds light on understanding from an organizational point of view why established service organizations decide to build competences for service design, but more cases should be investigated in order to validate the findings. Therefore, this paper opens up opportunities for further investigation in two directions. The first one is conducting a similar research with other established service organizations. That would enrich and strengthen the findings of this study. The second consists in conducting a similar research but with organizations of a different typology, such as small

and medium enterprises. That would make it possible to compare the results of both types of organizations and identify and analyse the coincident and differing aspects.

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