

Offerings as commitments and context: Service systems from a language- action perspective

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Agenda

- A. Introduction: a new science of service systems
- B. Interactions with offerings as platforms
- C. Interactions from a language action perspective
- D. Offerings as types of obligations
- E. Contribution towards a science of service systems

Products:
17% of
Delivery
Form

Services:
83% of *Delivery Form*

Material:
37% of *End Product*

Material:
37% of *End Product*

11%
of GNP

(in 1997, ↓
from
19% of 1968
GNP)

27%
of GNP

(in 1997, ↓ from
35% of 1968 GNP)

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Uday M. Apte, Uday S. Karmarkar and Hiranya K Nath, "Information Services in the US Economy: Value, Jobs and Management", *Business and Information Technologies (BIT) Project*, Anderson School of Management at UCLA, June 2007

7%
of GNP

(in 1997, ↓
from
11% of 1968
GNP)

56%
of GNP

(in 1997, ↑ from
36% of 1968 GNP)

Information:
63% of *End Product*

Information:
63% of *End Product*

Products:
17% of
Delivery
Form

Services:
83% of *Delivery Form*

Contributions to GDP growth, G7 countries, 1995-2000 and 2000-05¹

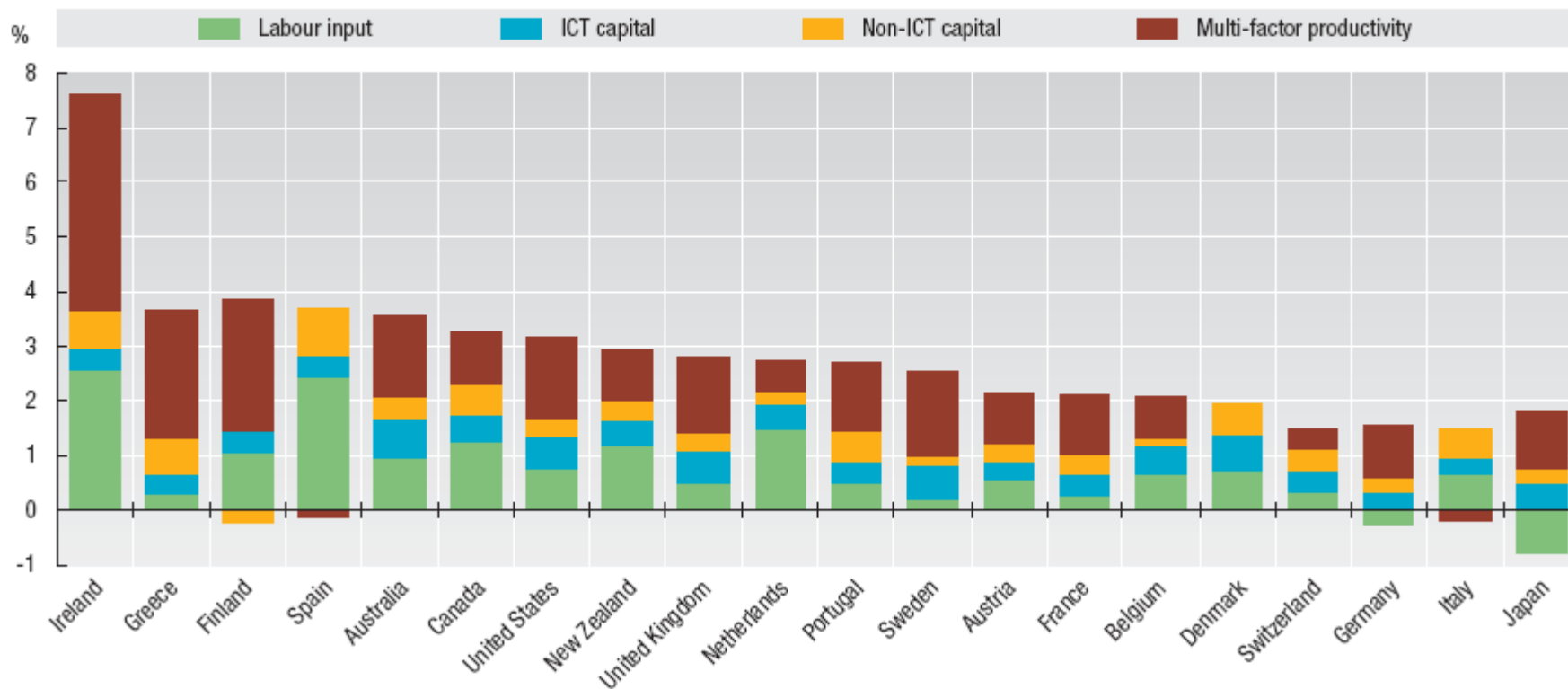
Percentage points



OECD Science, Technology and Industry Scoreboard 2007: Innovation and Performance in the Global Economy, p. 206, available from oecd.org.

Contributions to GDP growth, OECD countries, 1995-2005²

Percentage points



OECD Science, Technology and Industry Scoreboard 2007: Innovation and Performance in the Global Economy, p. 206, available from oecd.org.

Consider three businesses impacted by ICT capital

Financial services

Banking and insurance
“products” in physical branches or local offices



Customer and agents networked on electronic communications (Internet, mobile phone)

Media and entertainment

Tv, radio, newspaper → audio cassette, videotape, CDs, DVDs



Digital content over broadband: Flash video, MP3 audio, blogging

Information technology solutions

Customer and agents networked on electronic communications (Internet, mobile phone)



Distributed personal computers → global service providers / outsourcing → free/libre and open source software

Can we develop a science of *service systems*?

A **service system** can be defined as a dynamic configuration of **resources** (people, technology, organisations and shared information) that **creates and delivers value** between the provider and the customer through service.

In many cases, a service system is a **complex system** in that configurations of resources interact in a **non-linear** way.

Primary **interactions** take place at the interface **between the provider and the customer.**

However, with the advent of ICT, **customer-to-customer** and **supplier-to-supplier** interactions have also become prevalent.

These complex interactions create a system whose behaviour is difficult to explain and predict.

IfM and IBM 2008, *Succeeding through service innovation: A service perspective for education, research, business and government*, University of Cambridge Institute for Manufacturing, Cambridge, UK.

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A service system includes a supplier with a customer (and possibly subcontractors) as *coproducers* of outcomes

2.31. *Coproducers*: two or more objects, properties and/or environments that are producers of the same product.

Since no producer is ever sufficient for its product, every producer has at least one coproducer. The set of all coproducers of a product y is the cause of y , since the set is sufficient as well as necessary for y . [p. 23]

2.40. *Outcome*: the product of an individual's or system's action.

In other words, the outcome of an individual's or system's action is a change in that individual or system, or its environment, which is produced by that action. [p. 26]

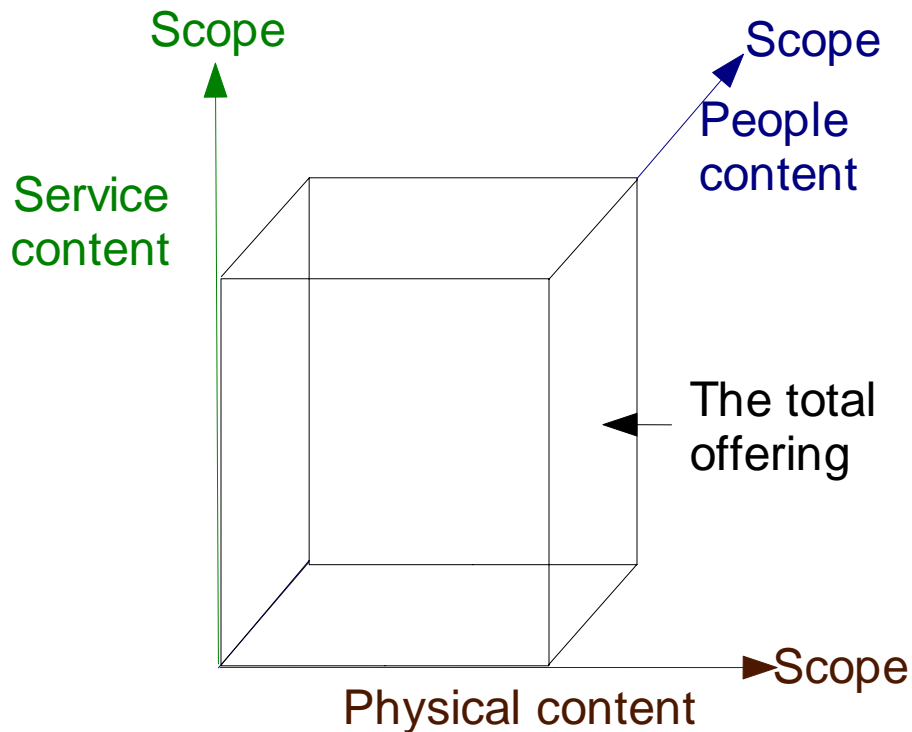
Russell L. Ackoff, and Fred E. Emery, 1972. *On purposeful systems*. Aldine-Atherton.

... the view of the universe revealed by viewing it in terms of producer-product is quite different from that yielded by viewing it in terms of cause-effect. Because a producer is only necessary and not sufficient for its product, it cannot provide a complete explanation of it. There are always other necessary conditions, coproducers of its product. For example, moisture is a coproducer of an oak along with an acorn. These other necessary conditions taken collectively constitute the acorn's environment. [...]

... the use of the producer-product relationship requires the environment to explain everything whereas use of cause-effect requires the environment to explain nothing. [p. 21]

Russell L. Ackoff 1981. *Creating the corporate future : Plan or be planned for*. New York: Wiley.

Offerings are interactions that provide benefits in the form of physical products, service and infrastructure, and interpersonal relationship



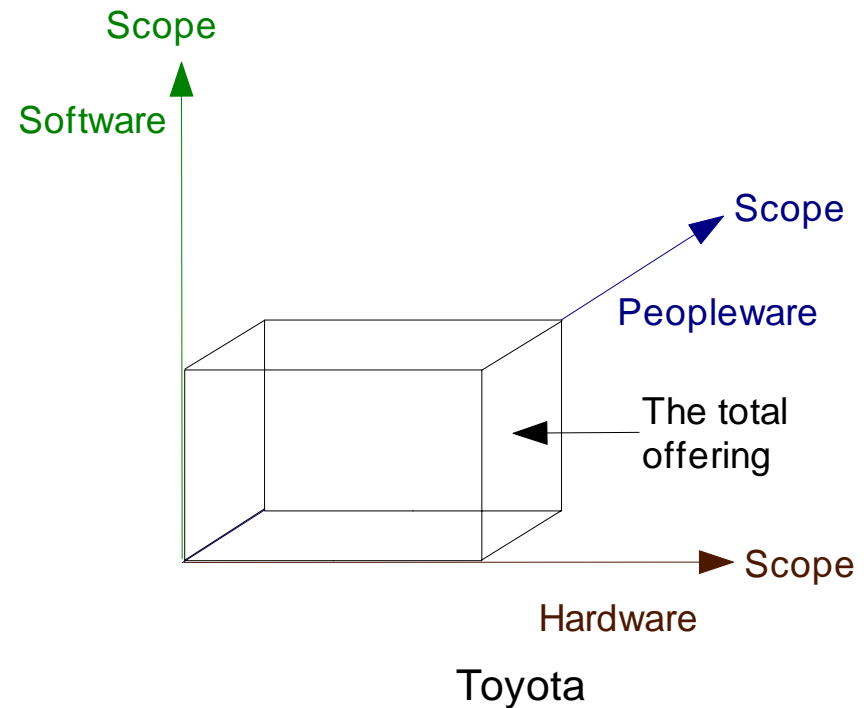
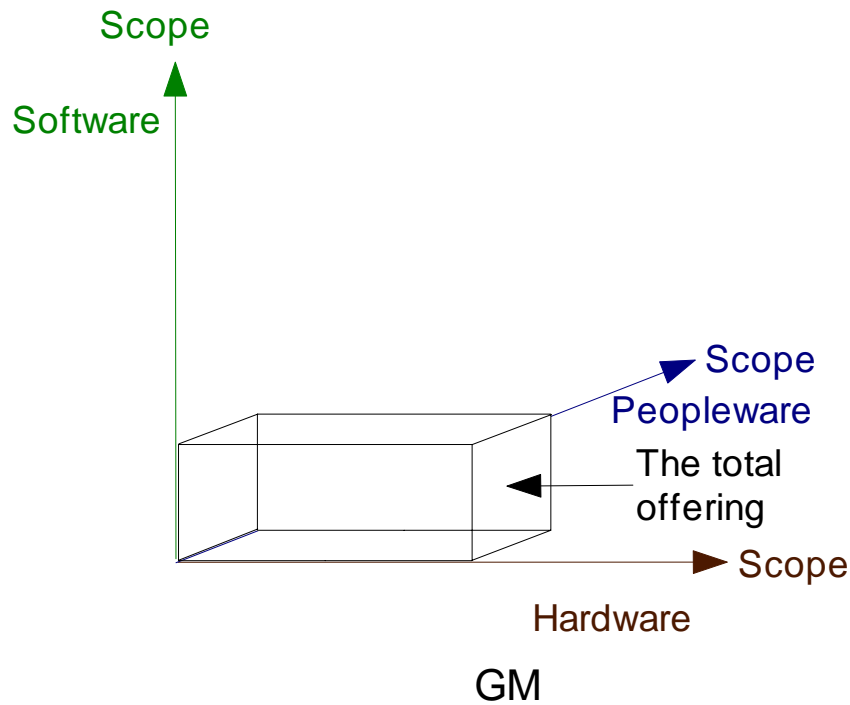
... it is useful to examine the offering in terms of a **three-dimensional activity package**

- The **physical content** of the offering consists of elements such as the core product, the packaging, the quality and dependability of the good and its material components, the product range, etc.
- The **service content** includes distribution, technical support, product modifications, customer training, on-line advice, troubleshooting, warranties and other trust-supporting insurance aspects, information brochures, brand reputation, complaint handling, invoicing, integrated information systems, etc.
- The **people content** covers issues like long-term partnerships, interpersonal trust, reputation, human resource co-development, etc.

... **different customers will emphasize different axes** of the offering.

Rafael Ramirez and Johan Wallin. *Prime Movers: Define Your Business or Have Someone Define It Against You*, 2000, pp. 58-59.

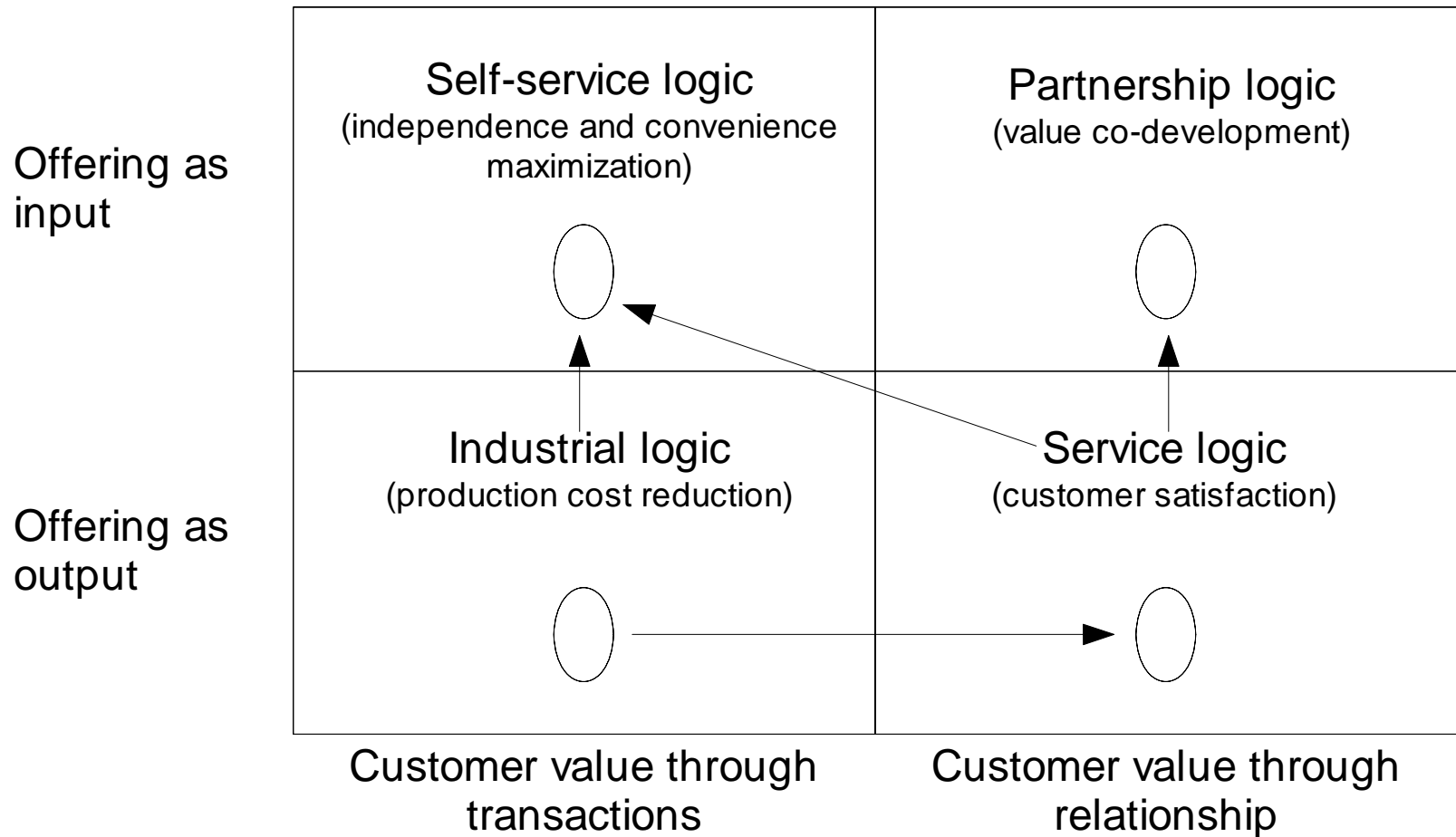
Packages of offerings can be shaped in different ways



Toyota tries to develop **long-term partnerships** with its suppliers. General Motors has historically been **more transaction focused**, and long-lasting relationships have not been seen as a worthwhile goal. As customers (of a supplier's offering), GM and Toyota would have radically **different measurements** on the 'people content' axis,

Rafael Ramirez and Johan Wallin. *Prime Movers: Define Your Business or Have Someone Define It Against You*, 2000, p. 59.

An offering can either be an *output of coproduction*, or an *input to coproduction*



Rafael Ramirez and Johan Wallin. *Prime Movers: Define Your Business or Have Someone Define It Against You*, 2000, p. 141.

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Interactions through language and action are linked through *directives* and *commissives*

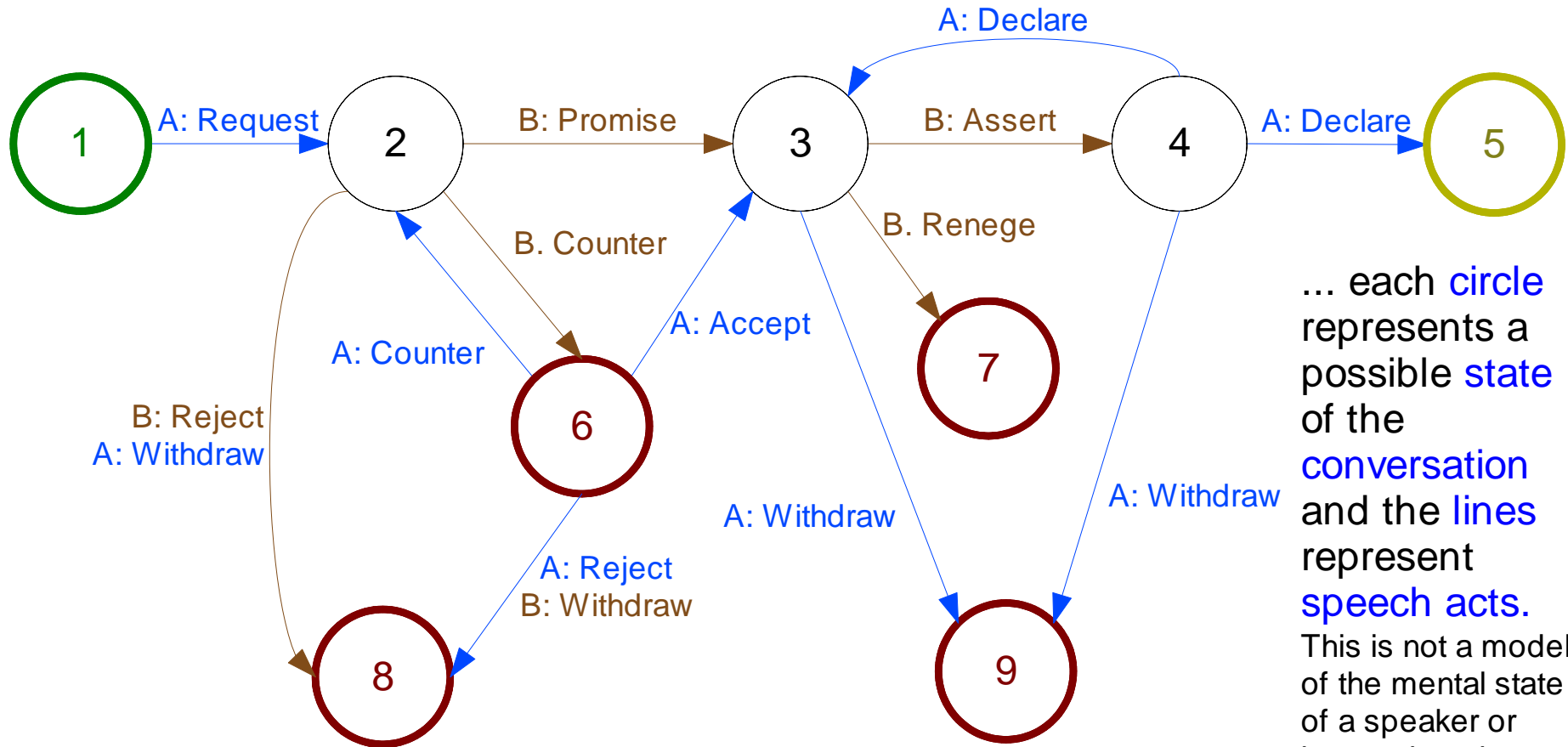
If we examine the basic issues underlying the questions, "What do people do in an office?" and "What is communication in an office?" we find that the questions are not truly different. Our theory of commitments and conversations allows us to give an answer to these questions that provides guidelines for examining the work in an office or organization.

Let us use the insights gained into the relationship between commitments and action to analyze organizations. For this purpose we make the following assertions:

- Organizations exist as networks of directives and commissives.
- Break-downs will inevitably occur and organizations need to be prepared for them. In the process of coping with break-downs, whole new networks of directives and commissives are triggered.
- The process of division of labor may be considered a cultural heritage of ways to cope successfully with anticipated break-downs. This has been a constant concern for managers.

Fernando Flores and Juan J. Ludlow. 1980. Doing and speaking in the office. Decision Support Systems: Issues and Challenges, *Proceedings of an International Task Force Meeting, IIASA*, June 23-25, 1980, pp. 102-103.

Conversations for action are interplays of requests and commissives towards explicit cooperative action

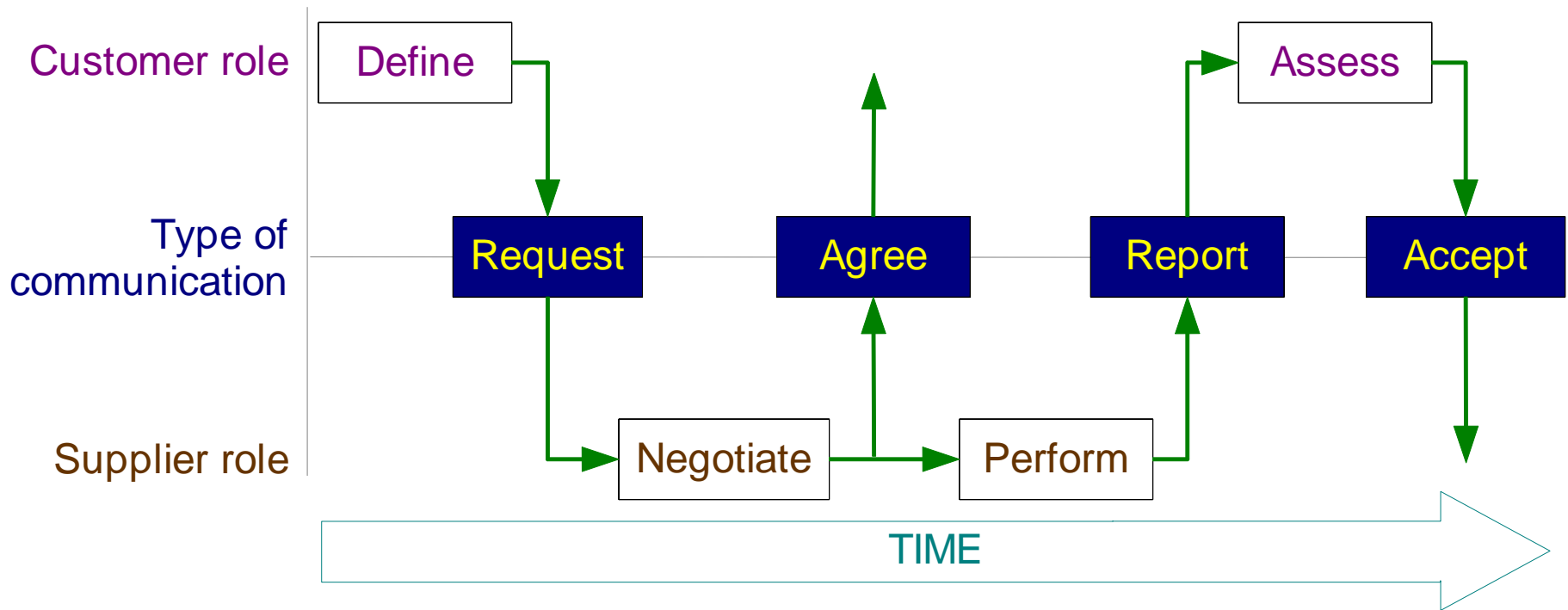


... each circle represents a possible state of the conversation and the lines represent speech acts.

This is not a model of the mental state of a speaker or hearer, but shows the conversation as a 'dance.'

Terry Winograd, and Fernando Flores, 1986. *Understanding computers and cognition: A new foundation for design*. Ablex Pub. Corp, p. 64.

As an alternative to command-and-control, parties can structure action as *who owes what to whom*



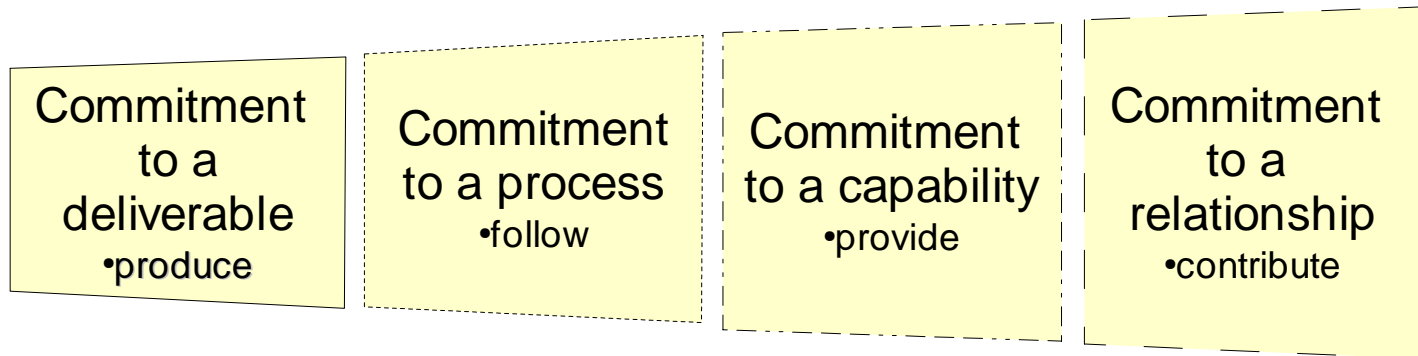
By coordinating the dynamics of who owes what to whom and detecting breakdowns early on, leadership can manage the interactions without interfering with the actions of empowered and accountable people.

Stephan H. Haeckel, 1999. *Adaptive enterprise : Creating and leading sense-and-respond organizations*. Harvard Business School Press, p. 142.

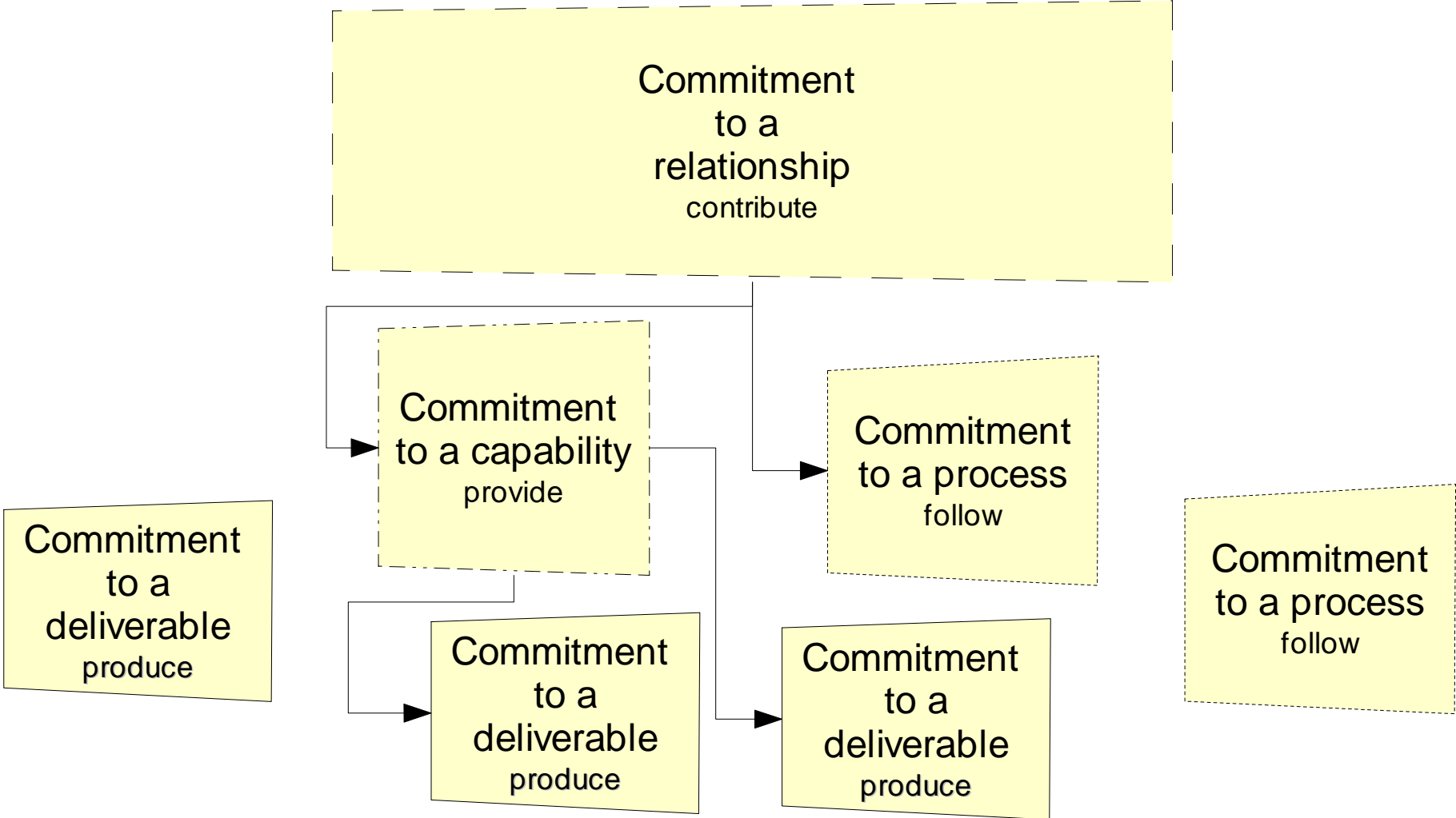
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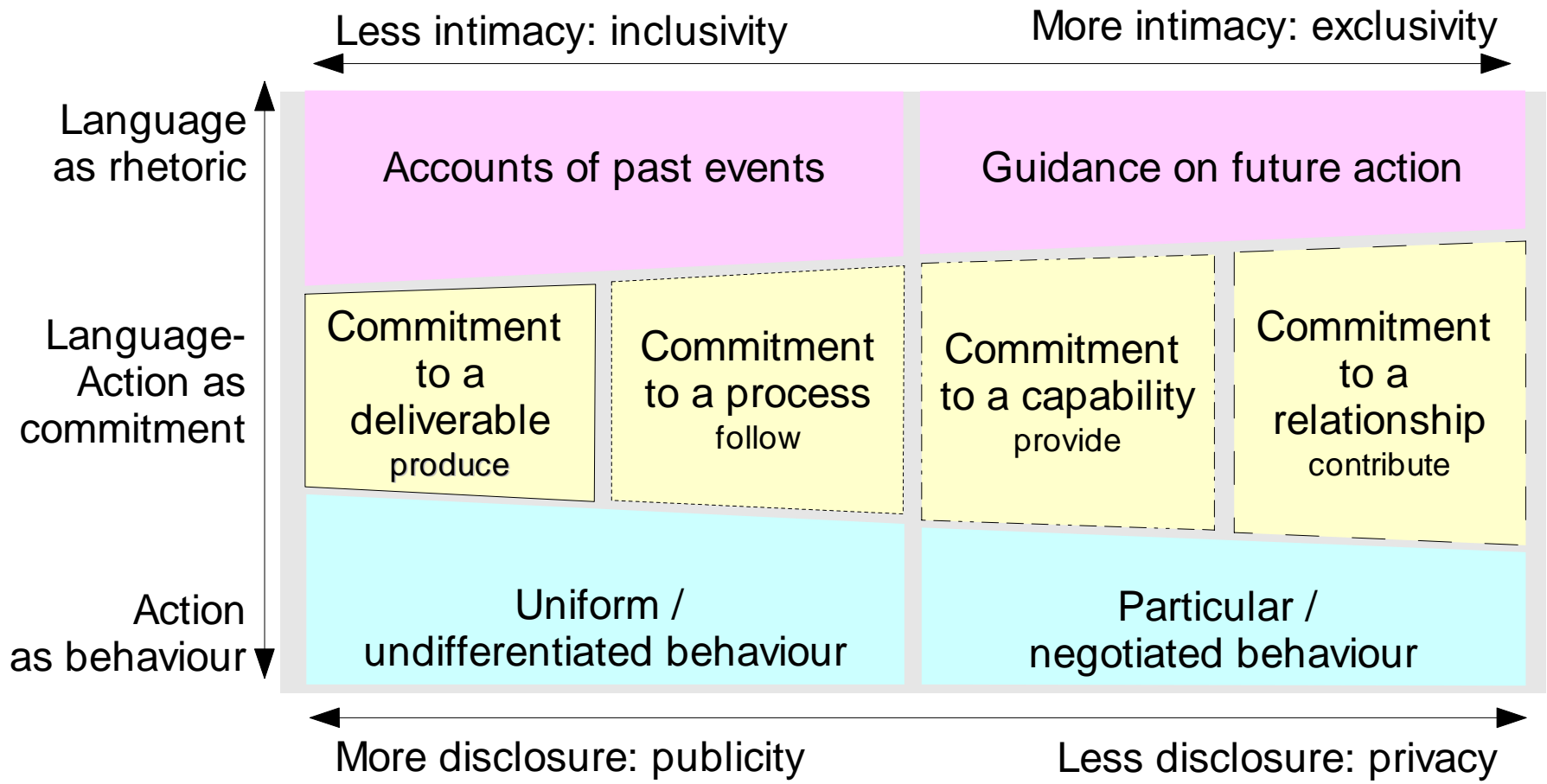
Obligations can be formalized as commitments to deliverables, process and/or relationships (at least)



Commitments can be explicitly linked upstream or downstream, and can be impacted by the unanticipated



Commitments occur in contexts of language decoupled from action, and action decoupled from language



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Offerings as platforms and the language-action perspective are a contribution towards a *science of service systems*

Interactions with offerings as platforms

- ✓ Interactions
 - ✓ provider-customer
 - ✓ customer – customer
 - ✓ provider – provider
- ✓ Activity package
 - ✓ Physical content
 - ✓ Service and infrastructure content
 - ✓ People content
- ✓ Offering
 - ✓ as output; or
 - ✓ as input

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Interactions from a language action perspective

- ✓ Commitments to:
 - ✓ produce a deliverable
 - ✓ follow a process
 - ✓ provide a capability
 - ✓ contribute to a relationship
- ✓ Contexts
 - ✓ Language as rhetoric
 - ✓ Action as behaviour
 - ✓ Intimacy as inclusive or exclusive
 - ✓ Disclosure as public or private

In the service system, has the nature of the commitment and/or context changed with changes in ICT capital?

1. What is the (new) commitment associated with an offering, relative to prior experiences?

2. Is/has the value been impacted by context (i.e. language / rhetoric or action / behaviour)?

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Coevolving Innovations

... in Business Organizations and Information Technologies

Innovation as open, collaborative, multidisciplinary, global

Posted by [daviding](#) on June 13, 2008 under [innovation](#) [Edit This](#)

On more than one occasion, I've heard IBM executives assert:

“ The nature of innovation has changed. In the 21st century, innovation is *open, collaborative, multidisciplinary* and *global* .

The ideas of *open, collaborative, multidisciplinary* and *global* appeared in the [Global Innovation Outlook 2.0 report](#) that was published in mid-2006. These words appeared on IBM-internal slides presented by [Nick Donofrio](#) at an *Consulting Leadership Exchange* in September 2005, and at the external-facing conference on [Education for the 21st Century in October 2006](#) ... with lots of other occasions in between. But what do these four words mean?

To make some sense for myself, I've extended these words into phrases and contrasted their contexts in a table .

	<i>Industrial age nature of innovation</i>	<i>21st century nature of innovation</i>
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