What Managers Should Know About Implementing a New Service Development Process

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Abbreviations

BMI – Business Model Innovation

NewSIP - New Service Innovation Process

NPD - New Product Development

NSD - New Services Development

SAM - Strategic Alignment Model

SaP - Strategy as Practice

SDL – Service Dominant Logic

Introduction

Growth is at the heart of most corporate strategies (Pidun, 2019). For a service firm, the continuing strategy of growth may well involve the development of innovative new services, which requires complex activities, multiple decisions and interactions, both internal and external. Such an intricate system of activities, to be sustained over time, will probably need underpinning by a formal innovation process. Such processes are often labelled New Service Development (NSD) approaches. There is guidance for managers embarking on NSD process as to what (normatively) should be done, but little guidance as to how to do it. As Barnes (2001) observed in the context of operations strategy, research has tended to concentrate on content (what is to be done) at the expense of process (how to do it). Guidance on this requires investigation to determine what formal innovation processes need to offer.

Studies on NSD frequently focus on large organisations. Jaakkola & Hallin (2017) highlighted the need for research into NSD in small and medium-sized enterprises (SMEs) to enable and support organisational structures for new services. Tether, Hipp & Miles (2001) and Warren & Davies (2019) called for a more contextualised understanding of the NSD process implementation.

This paper is based on the experiences of one business services SME in the UK. In their desire to become more innovative, the company directors set up a project with a local business school to implement an NSD process and develop the company's capacity to sustain this and launch of new services. The company owner-directors had extensive experience in business development, but little in implementing a novel NSD process. They recognised that they lacked organisational core capability, and moreover, were not aware of the challenges and barriers that might occur.

Given the gaps in the literature and the clear need for more contextual insight, the purpose of this research is to generate inductively from the data collected a conceptual framework on implementing an NSD process. The new framework is usable particularly in the context of business services SME.

Background

Previous research has reported four critical factors that gave rise to challenges and barriers. Warren & Davies (2019) listed these factors as:

- Leadership, strategy and strategic capabilities
- The NSD process itself
- Organisational resources
- Structure

The authors concluded that each of these factors needs to be addressed and overcome by any business services SME searching for a formal NSD process.

This paper presents a case study of an inexperienced SME formalising how to develop new services for new customers. In moving towards this, the participants made mistakes, learned from these mistakes and moved positively in changing organisational culture and behaviour. The learning process for the participants started with them realising where they lacked skills and what they did not know.

The paper reflects on the lessons learned that could be useful to other organisations planning to improve their innovation processes or introduce a new one. A systematic framework is proposed, named the New Service Innovation Process (NewSIP) to emphasise its processual nature, and its focus on 'how', building on what is already known. The researchers believe, along with Rae (2005) that: "it is legitimate to generalise at the level of process and theory, in making sense of 'how things happen' by interpreting a limited base of case studies (Yin, 1994)".

Approach

The data was generated through a case study (Yin, 2018). This approach was chosen for reasons similar to those of Stevens & Dimitriadis (2004), who used a number of data-generation methods, including semi-structured interviews with the case company's personnel at various organisational levels, and with external partners, (participant) observation, textual analysis of internal and external documents – financial reports, company reports, minutes of internal meetings, promotional materials and operating procedures.

One of the authors of this paper spent eighteen months embedded in the case firm as an on-site researcher. There were 45 participants (around a third of the workforce) at different levels of the hierarchy. The impetus for the project was a formal, funded technology transfer agreement between the company and a local university business school.

The company's particular NSD process was developed in-situ, using an iterative approach informed by knowledge of NSD processes from elsewhere, introduced by the business school, and fuelled by the directors' sense of urgency. The goal was not to tell the directors what was required, but to assist them in unearthing a process that suited their needs and timescales. This assistance took the form of discussions steered towards occurrences derived from elsewhere, introduction of some managerial literature, and examples drawn from knowledge of business school staff. There was some tension throughout between the desire for rapid development and their expressed need to own the novel process by virtue of inventing it.

Context

The case study firm supplied business-to-business services, chiefly in recruitment and selection, provision of training to government guidelines, and marketing. It did not have a formal NSD system. The organisation used internal personnel (around 150 employees) and a network of partners for specific tasks. Assistance concerning the content of NSD processes was introduced through the mechanisms sketched out above.

Although there is much on content, there is little guidance on how to implement NSD processes. The case study showed that a company should not underestimate the challenges involved, and NSD endeavours cannot succeed without trial and error. A pattern emerged from the data that, it seems, can enhance the initiation of, and/or accelerate the NSD process implementation.

The data also suggested that newly implemented NSD process changed the way company directors thought about innovation and how they planned for strategic growth. It triggered a series of events for positive change and prepared participants for the next stage of organisational maturity. These changes spread wider than NSD and impacted the whole organisation. 'NewSIP' itself challenged the managerial and strategic status quo and helped the business owners rethink their approach to business planning.

The New Service Innovation Process (NewSIP) Conceptual Framework

The particular nature of the required elements for NewSIP emerged when working with the directors to develop a formal NSD process. NewSIP represents a specific extension of the NSD processes found in the literature. It was designed to help to overcome the challenges and to prepare the directors to be more systematic about innovation and strategic growth activities.

The researchers believe that the experiences of the case participants could help others who seek a new NSD process and wish to design a change project that could yield positive results for their innovation efforts. It seems clear that the systematic conceptual framework developed inductively in the process of research and could also be useful elsewhere.

The overall NewSIP framework offers a systematic approach for developing capability to innovate in business services. The components were conceptualised from the data, the experiences and observation diary notes. This paper attempts to provide guidelines that other organisations could use for their own innovation purposes. NewSIP could be used as a roadmap. The pattern of overall strategies and actions, outlined below, was found to be appropriate, acceptable and feasible for the case study organisation. We suggest that the method might be tested through case-to-case translation (after Firestone, 1993).

The emergent NewSIP framework provides a pattern of practice that can be summarised in two prerequisites:

- The need for NSD process
- Leadership commitment and support

There are six main components to this:

- Business strategy which is reviewed on ongoing basis
- NSD strategy
- NSD process
- Culture of innovation
- Open idea generation
- Decision-making is the catalyst for all of these.

Key Prerequisites

The participant observations revealed that two key prerequisites need to be in place before formal implementation can proceed. While these may seem obvious (only to the researchers through case immersion), in reality these key prerequisites are often overlooked when people are keen to get on to 'doing' rather than preparing the ground.

The researchers identified two key prerequisites for success:

- Recognise the need for an effective and useful NSD process
- Secure leadership support and commitment.

Recognise the Need for a New Formal NSD Process

The literature reports that many business services firms lack appropriate structures to develop new services on continuous basis (Kim & Meiren, 2010). Services companies perhaps make more limited use of formal NSD processes. Menor & Roth (2008) say "contrary to conventional wisdom, we show that formalised processes, while being significant, play a lesser role in NSD compared to its prominence in the NPD literature"
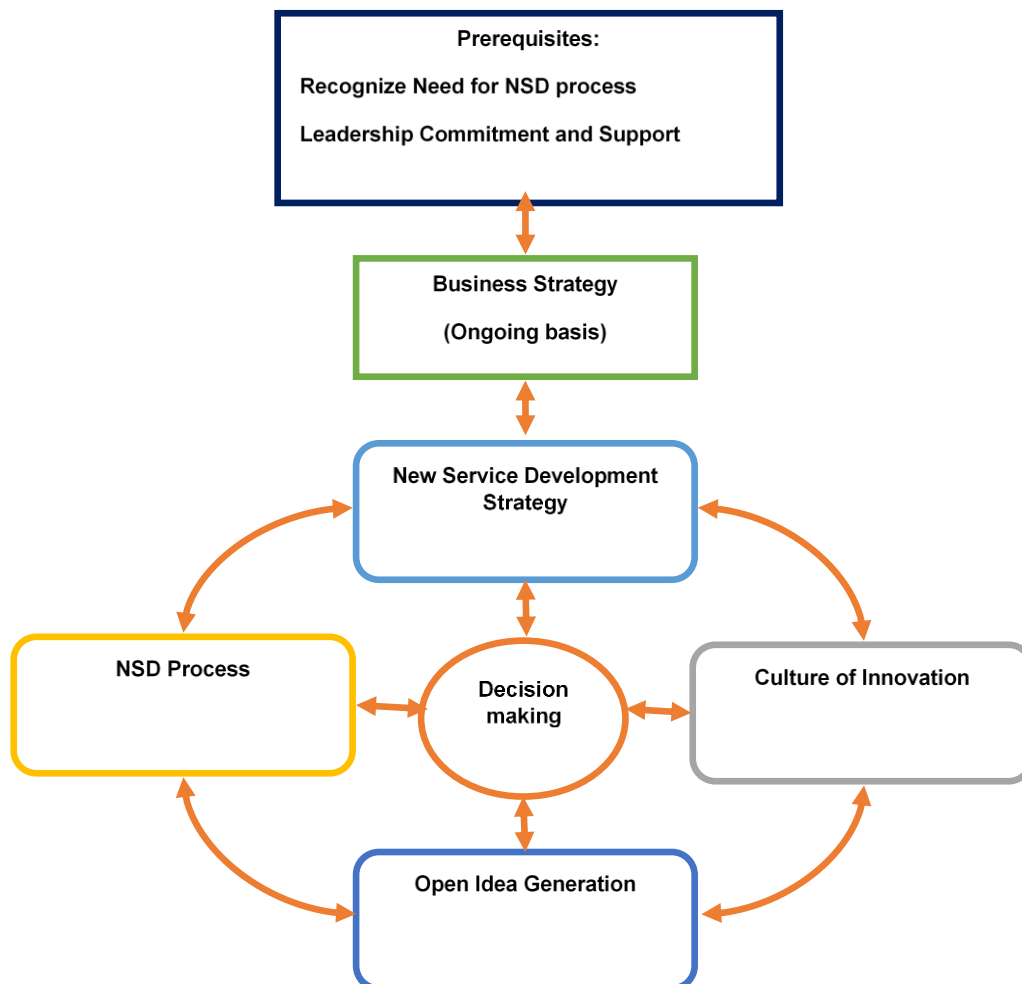
In contrast, there is clear evidence that manufacturing companies use formal and structured innovation processes, such as the stage-gate process (Cooper, 2008). These formal and structured process have improved manufacturing companies' innovation productivity and performance (Akroush & Awwad, 2018).

Scholars sometimes assert that service companies need a formal innovation process so to improve their haphazard approach to service innovation (de Brentani, 1993; Zomerdijk & Voss, 2010). The particular nature of the NSD process, the extent to which it is or should be contingent on the type of service or other contextual factors continue to be subject of investigation (Avlonitis et al. 2001; Storey & Hull, 2010; Kitsios & Kamariotou, 2016)

The management of the case company were yet to establish and sustain the need for change. It became clear in the early stages that the project manager leading the change initiative

needed to establish that it was necessary, as this was much questioned at a number of organisational levels. It was clearly included in the business plan, as the plan pinpointed how much revenue would come from the launch of new services. The plan was much less clear on what process was to be used and how this would be implemented.

Figure 1

Systematic Framework for Implementing a New NSD process.

The implementation of such initiatives is costly in terms of time and resources and it is difficult to provide a cost and benefit analysis in the early stages (O'Conner, 1994). The case company's top leadership recognised that the business plan should provide details of how it would be done, and they wanted to establish formal linkages with the other strategic objectives in order to resource the project appropriately.

A strategic analysis revealed:

- They were over reliant on a major customer.
- They were concluding a major customer contract.
- New projects were less likely to be funded because of government cuts.

This review exercise lead to several strategic options, which, after deliberation the board of directors decided to implement an NSD process. This project was introduced throughout the organisation with a series of workshops related to their existing activities. Interestingly, company project documents suggested that this created a level of urgency, which was fundamental to success. The researchers recommend that other businesses considering NSD should carry out a strategic analysis. If the need is not established early on, it is likely that doubts slow down, or even stall, the project.

Questions that supported the decision making in the case firm included:

Do we need a formal NSD process?

Why do we need to change?

What are the threats and opportunities that require us to change?

What are the consequences if we do not change?

What do we need to change?

Are we realistic of our expectations?

Do we have the skills, capabilities and resources to change, and if not how can we acquire them?

What are our strengths and weaknesses?

What are our competitors doing?

These are difficult questions to answer but avoiding them thwart a proactive approach and give rise to less satisfactory results.

Leadership Commitment and Support

Warren & Davies (2019) found that NSD implementation brings many challenges and barriers, and certainly the case participants discovered this. One barrier was gaining support and commitment from the board of directors. They were aware of the changes in their external environment and somewhat aware of the consequences, yet seemed overly optimistic and not realistic. Their spirit was that "we will win" and "we are already innovative" – attitudes which led them to sidestep and fail to recognise the need for real change. However, after imminent environmental threats were formally assessed and response options evaluated, opinion shifted. They then turned to an organisation-wide innovation initiative to find alternative market offerings, which in turn led to support of the new NSD process.

Other project managers with such a challenging mandate should not underestimate human factors which play a critical role. Questions that may support project managers to obtain leadership support and commitment include:

Is there a common understanding of what innovation means to the company?

Is there a common understanding of what a formal NSD process is?

Do we have an innovation champion to lead the innovation project?

Can we allow for a service innovation failure before a formal NSD process is established?

How can we learn fast from these mistakes?

How can we use top down and bottom up approaches to support the implementation?

How can we involve the leadership team in the implementation?

Other project managers may find these prompting questions useful to reflect on their own organisational context and situation.

Formal Process Elements of NewSIP

NewSIP offers a systematic approach for developing a capability to innovate in business services. The business strategy component connects the two prerequisites (need to change, and leadership support and commitment) to the key formal component, new service development strategy. It serves both to inform and reinforce the two prerequisites and provide context for the other components of the framework.

Business Strategy

Freedman (2013) defines strategy as "the art of creating power" and argues that it is the sense of actual or imminent instability that turns something that is not quite strategy into strategy. Strategy becomes an effort to cope with an unsettled environment; it is not an authoritative forward look. Strategy becomes the process of attempting to resolve issues, as they arise, in a manner considered favourable to the organisation, against a backdrop of stated intentions. Strategy is something dynamic – a point made by Ghemewat (2017), after an extensive review of strategic approaches in business. He concludes that businesses should select approaches from what he identifies as "our large and still growing stock of practical ideas about strategy using logical, theoretical and empirical screens".

In the course of research, the case company launched new businesses, had fast growth, and along with an uncertain and volatile external environment, found itself in a complex and challenging operational situation. This is the type of setting where contemporary views on business strategy might be most useful to managers. However, their management had not recast or reformulated their prior strategy.

Interestingly, the consequence was that employees' perceptions of the business strategy were mixed, as though they were working for different enterprises. Employees only knew their own project's strategy and targets, rather than buying into an overarching business strategy, and participants did not distinguish between new and existing services. One reason may be that there were "multi-enterprises" with different objectives, all under the same corporate umbrella.

Initially, the leadership team managed the newly launched enterprises as projects, rather than supporting the establishment of new organisational identities. Research showed that they needed to make sure that the NewSIP process was flexible enough to support these different "enterprises" or projects. There was also concern about linking NewSIP to business strategy. This may not be an uncommon difficulty: Godener & Söderquist (2004) found that using metrices in the NPD processes had impacts at the project level and function level, but not at organisational level. Other business services enterprises experiencing growth and differentiation should consider how these new enterprises or projects will be managed; in particular, whether the same employees are essentially working for all these new ventures in the same place.

Questions that may support the decision making include:

What is the business we are in?

What is our market position?

Will the NSD implementation project cover existing and/or new services/products?

How will we manage the cash flow to support the development of new services?

How can we establish a balanced portfolio of projects that includes innovation, problem solving and cost-cutting projects?

Do we have an innovation strategy for future business?

Do we proactively explore future business opportunities?

Do we proactively get ideas to market?

The answers to these questions may lead to a more proactive approach and adjustments to the business strategy, considering the current internal and external environment, and anticipating the next steps of enterprise development. Once the prerequisites and the business strategy are in place, NewSIP has five further components:

- New services development strategy
- Culture of innovation
- Open idea generation
- NSD process
- Decision making

The framework could be helpful in understanding, organising and anticipating the different components as these require a systematic approach.

New Service Development Strategy

Participants found it difficult to develop new services as they did not have a clear innovation strategy and were not clear whether their services were new or existing. Avlonitis et al. (2003) identified four dimensions associated with service innovativeness:

- Operating/delivery process newness
- Service modification
- Service newness to the market
- Service newness to the company

They then identified six types of service innovativeness types, ranging from new-to-the-market services through to service repositioning. Avlonitis et al. (2003) conclude that their study has "significant implications for practitioners as it offers them a blueprint for successful new service development". Their frameworks would certainly have assisted the case company, and the researchers found some additional significant factors, particularly exogenous variables and corporate culture (the extent to which, for example, there is a persistent desire to develop new services). Knowledge of these are probably necessary in building a company's specific innovation strategy, as de Jong et al. (2003) argued in their wide-ranging literature review.

An innovation strategy is a guide to decisions on how and when resources should be used to meet a firm's objectives for innovation (Dodgson et al. 2008). Such a strategy requires an a priori set of decisions (why, when and how), alongside mechanisms for making decisions concerning appetite for risk, level of resource commitments, market selection and responsiveness. Durst et al. (2015) in their literature review on service innovation and its impact identified no studies where innovation strategy constituted a major finding in the activities of service firms. Turut & Ofek (2012) use a dichotomy – radical versus incremental - as their only descriptors of innovation strategy in a paper concerning "innovation strategy and (market) entry deterrence". This suggests that there is an issue, problem or lacuna in the approach of service firms.

Innovation strategy seems to be a somewhat veiled concept – for example, Nelson et al. (2015) use this term as key words, but do not define or operationalise the concept. For Bercovitz & Feldman (2007), the two key dimensions of innovation strategy are the balance between exploring new opportunities and exploiting existing capabilities. They couple this with a second dimension which concerns useful knowledge and the extent to which it is inside or outside the firm. Coupling these insights with the findings of Avlonitis et al. (2003) suggests that an innovation strategy needs to contain an assessment of the extent to which new useful knowledge is to be sourced internally or externally, where the balance of effort across the 'newness spectrum' (radical/incremental) is to be applied, and the types of service

innovativeness. New services innovation strategy needs to be formulated in order to help the generation of new ideas and focus innovation effort.

From this case and findings elsewhere, the researchers feel that (business services) SMEs may have a business strategy, but they are far less likely to have an innovation strategy. A clear new service innovation strategy is of paramount importance for such firms.

Most innovation systems omit the explicit inclusion of the "innovation strategy" as a "process" or "stage" (Cooper & Edgett, 1999). The researchers argue that a new services innovation strategy is the first step for any NSD process. The case study reinforced this as there was confusion about "new" and "existing" services and their relationship to desired innovation. The key task during this first process stage was to "align" the business and the innovation strategy.

Acur et al. (2012) found that internal drivers (strategic planning, innovativeness) and external drivers (environmental munificence and technological change) affect technological alignment, New Product Development (NPD), marketing alignment and market alignment. Of these three, market alignment itself did not affect NPD performance, though the other two did. They conclude that the different forms of alignment "play contrasting roles as determinants of NPD". Their results suggest that relationships in this area may be more complex than at first sight. Given these results in relation to alignment and NPD, there are other domains where alignment has been a central concept.

Much employed in the information technology domain, it would be tempting to use a framework such as the Strategic Alignment Model (SAM) (Avison et al., 2004), but Renaud et al. (2016) ask "Is SAM still alive?" They conclude, in their thoughtful and extensively researched paper that SAM might be on life support. They argue that the strategy is better viewed as "strategy as practice" (SaP), rather than as position, plan or perspective.

From this SaP standpoint, strategy is seen as intentioned, social activity shared within an organisation; not the preserve of top management, not something that occurs within a modelled existence, not something that exhibits or uses some super-rational perspective. This standpoint provides for strategic direction (intentioned thought) and requires the involvement of those with any level of role (socially shared activity) to contribute to service innovation. If, through SaP, an organisation develops the ability to (re)shape itself and its environment (to some degree) and its available spheres for innovation, then it has developed "the art of generating power" in the provision of innovation/innovativeness. To generate an such an innovation strategy requires the creation of an innovation climate or culture. Innovation needs to be recognised as happening within the firm at all times. SaP emphasises the socially shared activities that constitute part of the process.

Culture of Innovation

If a culture of innovation is instilled in the organisation, the potential to align an innovation strategy with business strategy opens up. 'Align' here means explicit recognition, general understanding and specific orientations to processes and markets that are consonant between these two strategies. Such consonance provides the important balance between existing projects/products/processes/services and the future. Our understanding implies that:

- The business strategy focuses on current and planned business
- Innovation strategy focusses essentially on innovation and future business, including the unintended.

Walter et al. (2013) found that the congruence of strategic consensus and strategic alignment lead to higher levels of business performance.

The organisational process needs to mediate between strategy, structure and resource deployment on an ongoing basis. The result of this mediation is constantly emergent strategy

in both areas. An effective strategy process should lead a services SME to have an in-depth understanding of its core capabilities and its external environment. Alongside this, an innovation strategy would need to consider the six levels of service innovation of Avlonitis et al. (2003):

- New to the market services
- New to the company services
- New delivery processes
- Service modifications
- Service line extensions
- Service repositionings

This enables the mapping out of the NSD process, by including underlying risks and opportunities involved, which allows areas for improvement to be identified and included in the new services innovation strategy.

Danks et al. (2017a) point out that: "most theorists and investigators have not defined innovation culture as an integrated construct, but have instead focused on describing the key dimensions or factors that contribute to an innovation culture". The second part of their study uses six factors:

- Values
- Resources
- Behaviours
- Processes
- Climate
- Success

Danks et al (2017b) found that "key implications for future theory and practice are evident and include increased attention to resources as a key construct in measuring culture of innovation". They were unable to unequivocally support any of the extant instruments for measuring innovation culture. Despite the lack of empirical support for some of the key instruments in the field, managers are still required to foster a climate of innovation. To do this, they may choose to use the schema of an innovation spectrum, supported by the factors identified by Rao & Weintraub (2013).

Following this, the case participants changed the business plan, allowing the new innovation strategy to shape and refine the objective and goals. This led to a set of realistic targets and innovation strategy, considering the constraints and opportunities. People's comments, commitment and engagement showed a change of attitude towards innovation in the projects that stemmed from NewSIPs. In the researchers' experience, attempts to improve the culture of innovation in an organisational context leads to a better understanding of the company's capabilities to innovate. It seemed that NewSIP could not happen until the organisational culture of innovation was nurtured and enhanced.

People are usually seen as the cornerstone of culture of innovation. For example, Asgari et al. (2013) identified six factors:

- Building cultural infrastructures
- Education
- Organizational vision
- Established culture
- Strategic culture
- Flexible culture

All of these depend to some degree on staffing as being critical in a culture of innovation. The innovation management literature generally suggests that creativity and innovation are encouraged, incentivised and rewarded appropriately, in a way that conforms to common sense. De Jong & den Hartog (2010) comment on the relationship between innovative work behaviour (IWB) to innovative ability and results, observing also that it fits with "academic common sense". However, Bussin, et al. (2019) report that rewards showed a negative relationship to innovation. The available evidence seems a little contradictory, though many researchers offer caveats on the extent of insight in our current state of knowledge. The balance of opinion seems to favour the explicit encouragement of innovative ideas, appropriate structures within which to evaluate them and strong connections to external networks to support innovation.

To help foster a culture of innovation, staff participants from the case company internally established creative challenges that were launched across the constituent enterprises of the firm. These challenges aimed at generating ideas for new services, products, processes and customer service improvements, and enabled the NSD process to become supported and embedded within the organisational culture. We noticed changes of behaviour as directors/owners started (in the researchers' view) to trust their employees and almost immediately proactively solicit ideas for innovation. Management became generally more open to involving employees in the implementation of innovation process.

The board of directors undertook training on creativity and the outcomes were rolled out within the enterprises. Literature suggests that creativity is skill that needs to be nurtured and applied beyond the idea generation stage and into the development stage (de Brentani, 2001) Participant observations noted that the new innovation process would not have been successful without a series of actions such as the creative challenges to improve organisational culture to support the innovation endeavour. There was transformative learning and experience of change to achieve, as Maise (2017) puts it, "the upshot is that it is not just subjects' brains that are altered over the course of transformative learning, but also their overall bodily and affective attunement to their surroundings" Employees acted and felt differently about innovation. This helped them develop a culture of innovation, and from that, a more innovative organisation.

Open Idea Generation

Open idea generation is part of NewSIP and is linked closely to the NSD strategy process and the culture of innovation. The intent is to enable a continuous innovation pipeline (West & Bogers, 2014) supply and effective process management. Gama et al., (2019) conclude that "the greatest performance effect is achieved when SMEs have strong systematic idea generation routines". The process here is intended to support just such a systematic routine.

The idea generation routine should be flexible, encouraging creativity, open to everyone and underpinned by a transparent idea-screening procedure. This enables everyone to participate in the innovation activities, which encourages collaboration and creativity.

Gama et al., (2019) caution that the relationship between systemisation and positive results is complex. Their research into Swedish manufacturing SMEs offers four managerial insights:

1. Firms need to capture, share and record ideas.
2. Systematic idea generation is crucial before SMEs engage with external networks.
3. Organisational structures and processes to facilitate innovation are needed.
4. Being stuck halfway in the formalisation of process is damaging, may increase costs.

Being proficient in innovation routines then is a needful condition.

The study demonstrated that the discovery or ideation stage (open idea generation) extends from the NSD strategy and is underpinned by the organisational culture of innovation. It needs to generate its own internal process and logic contingent on the SME's setting. There is perhaps a need for looser structures and greater freedom in the early stages of open idea generation, but the system components need to be firmly in place before working with extended networks. The ideation stage needs to address the challenges such formalisation brings, while keeping up momentum and commitment. In this way, open idea generation should increase an SME's capability to create successful new services by enhancing its resources and competences to generate innovative and creative ideas. The firm then can include open ideas in the newly implemented NewSIP method in a timely and efficient manner.

New Service Development (NSD) Process

A relatively widespread and well-established approach to new product development is the Stage-Gate process (Cooper, 1986, 1990). This divides launching a product into stages, starting with the focus on customers, followed by upfront activities, then tough decision points, then truly cross-functional teams, and finally top management should be involved. Cooper specifically extended this to services. Lindhult et al. (2018) point to a transition model with service dominant logic (SDL) perspective, as a support for service innovation and servitisation. This includes additional virtual and systemic logics to sit alongside SDL. They contend that there is value to firms in using all four forms of logic in seeking innovations.

Pansuwong (2020) connects innovation to business models and points to a "lack of consensus in the definite conceptualisation of the business model that grounds understanding" of business model innovation (BMI). Both these more recent developments contain caveats concerning the current state of knowledge and gaps in understanding and application. Mindful of these, it may be that further extensions are necessary to connect business model innovation to service innovation. Issues of value creation and value capture remain germane to NPD in general (understood to include services) and BMI.

The articulation between the fields of NPD and BMI may be achieved though process extension. In the case company, the distinction between NPD for their services and BMI was somewhat blurred, as the business already used a multiple enterprise perspective, where each service or group of services operated somewhat independently. Both the multiple enterprise structure and product/service innovation lacked any formal process underpinning. However, various organisational changes occurred that could be extended towards a formal BMI perspective. NewSIP, as a formal system, was designed to undergird innovation in services per se, not BMI.

The case study confirmed that a formal NSD process is useful in the particular SME context. Without one the company is less likely to succeed in innovation. Initially limited resources in the case SME were dedicated to implementation, but after realisation of the need to invest time and resources into the initiative, more time was allowed to develop the process, practise guidelines and deliver cross-company training. Bringing a new process to life is viewed as an innovation in itself and should be resourced appropriately (Saunila, 2016). The implemented NSD process was used as a basis current good practice, such as the stage-gate process (Cooper, 2014).

Need for a NSD process that balances "formalisation" and "flexibility"

The study revealed that there is a need for an NSD process that is formal, albeit flexible. This enables the NSD system to cope with different type of projects, ranging from those that require major effort to those that need few resources (human and financial). This provides contingent flexibility; if necessary ad-hoc decisions can be tolerated. Some authors criticise the stage-gate process of being too formal, linear and lacking flexibility. Some practice evidence suggests that in larger organisations, when the process has been implemented, there is a

general perception that it becomes less about execution and more about formalities, rules and paperwork. Although this may be correct when the process is already up and running, in the early stages too much flexibility may become haphazard. The challenge here is to balance formalisation and flexibility. The NSD process should not be interpreted too narrowly and the activities should be executed in parallel.

Some of the activities for building the business case and project plan can be executed while scoping the new concept for service. Also, some testing and validation is necessary before the final service and service process designs are completed. (See Nold & Michel, 2016, for an approach agility and performance). The questions of 'when' and 'how much' formalisation and flexibility are bound to the context of a particular firm.

Decision Making

The experiences of the case participants revealed that other companies could adopt a formal and structured NSD process similar to a stage-gate. The notion of stages for service development is preceded by a decision point, called a 'gate' is a logical organising principle. The decision points enable the use of clear criteria linked to the business strategy for 'go' or 'no-go' decisions at each stage. Senior management decides whether a project should proceed to the next stage or to end the project. In this way, NSD decisions are made, innovation projects are initiated and terminated. This formal decision making enables the generation and review of service concepts on a continuous basis.

Decision making is the catalyst that drives NewSIP. In this study, decision-making facilitated the leveraging of limited human resources in developing new services, and contributed to the creation of new roles for NSD and cross-departmental collaboration.

New Roles for NSD

Decision making establishes clear responsibilities for the development team, gatekeepers, the project leader and the NSD process manager. The changes and the creation of new roles promoted wider responsibility and accountability. Such improvement is particularly valuable in organisations where such roles are not initially designated. In particular, the lack of a formal function for service innovation required one to be created 'virtually'. The case participants implemented this through creative challenges. A process manager guided the participants through the different stages and gates and introduced process improvements and flexibility, as well as handling the open idea generation scheme and inviting ideas. The project leader and the development team moved the project forward. The project leader was also involved in the design of new services/services delivery processes.

Establishing decision points, or gates, and involving top leadership in designing the criteria, provided a structure for decision-making and ensured that go/no-go decisions were made. It allowed for a clearer sense of purpose and more transparency. Interestingly, there was a shift of decision-making authority which included senior managers and directors as gatekeepers who screened new services projects and supported the project in moving forward, or ended it. Their role was to allocate appropriate resources and assign a project leader. In this way, the innovation projects progressed, and resources were allocated and linked to other business projects and objectives.

Cross-Departmental Collaboration

The newly established decision-making process gave the development team clear responsibilities through a formal proposal and a decision outcome at a gate, so that the new service development effort was organised and managed as an innovation project. There is much in the innovation literature that suggests that the development team is formed with people from different departments (Barczak et al, 2009; Mu & Di Benedetto, 2012; Tang et al.,

2015). In this study, the creative challenges predisposed staff to cross-departmental collaboration. Team members were responsible for managing new service projects launched from creative challenges.

Team members represented various departments (business development, marketing, customer service, IT, HR, finance). This enabled people from different departments to meet and create a platform for collaboration. These functions and staff were internal, but members from external networks (consultants, HEI, customers and other public and private institutions) were also involved. Inter-firm cooperation, and in particular the use of networks for service innovation, is an important part of good practice (de Reuver & Bouwman, 2012).

Conclusions

The proposed systematic conceptual framework – NewSIP - can structure and enable the implementation of the NSD process. NewSIP can be used as a roadmap for decision making to steer through the challenges and complexities that arise with such organisation-wide projects. The results of this study confirm that approaching the NSD implementation in a systematic manner is useful. The key components allow companies to work in stages and tackle the challenges proactively. The framework further considers the specific context rather than ignoring it, and most importantly respects human factors that impact the implementation of change initiatives.

Other frameworks are prescriptive and may well ignore human behaviour factors. Accounts from practitioners who have implemented NSD processes are limited. Generally, the literature provides little advice for those companies that have limited involvement in innovation effort and/or do not have an extant innovation process. This study has theoretical and practical implications, as it offers clear guidelines for effective implementation in the six areas of business strategy, innovation strategy, culture of innovation, open idea generation, the NSD process itself and decision making. This research experience revealed that, in order to implement successfully structured NSD processes, the change initiative needs a systematic approach that addresses all the components of the framework simultaneously. This brings in the people-factor and provides a platform for building a sustainable organisation-wide competence for innovation. This better equips service managers to improve innovation performance and continuously deliver innovation.

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