

Key concepts of service management

The concept of value

Syllabus

1. Understand the key concepts of service management
 - 1.1 Recall the definition of:
 - f) Service management
 - 1.2 Describe the key concepts of creating value with services:
 - b) Value
 - c) Organization
 - 1.3 Describe the key concepts of service relationships:
 - c) Service provision
 - d) Service consumption



What you will learn

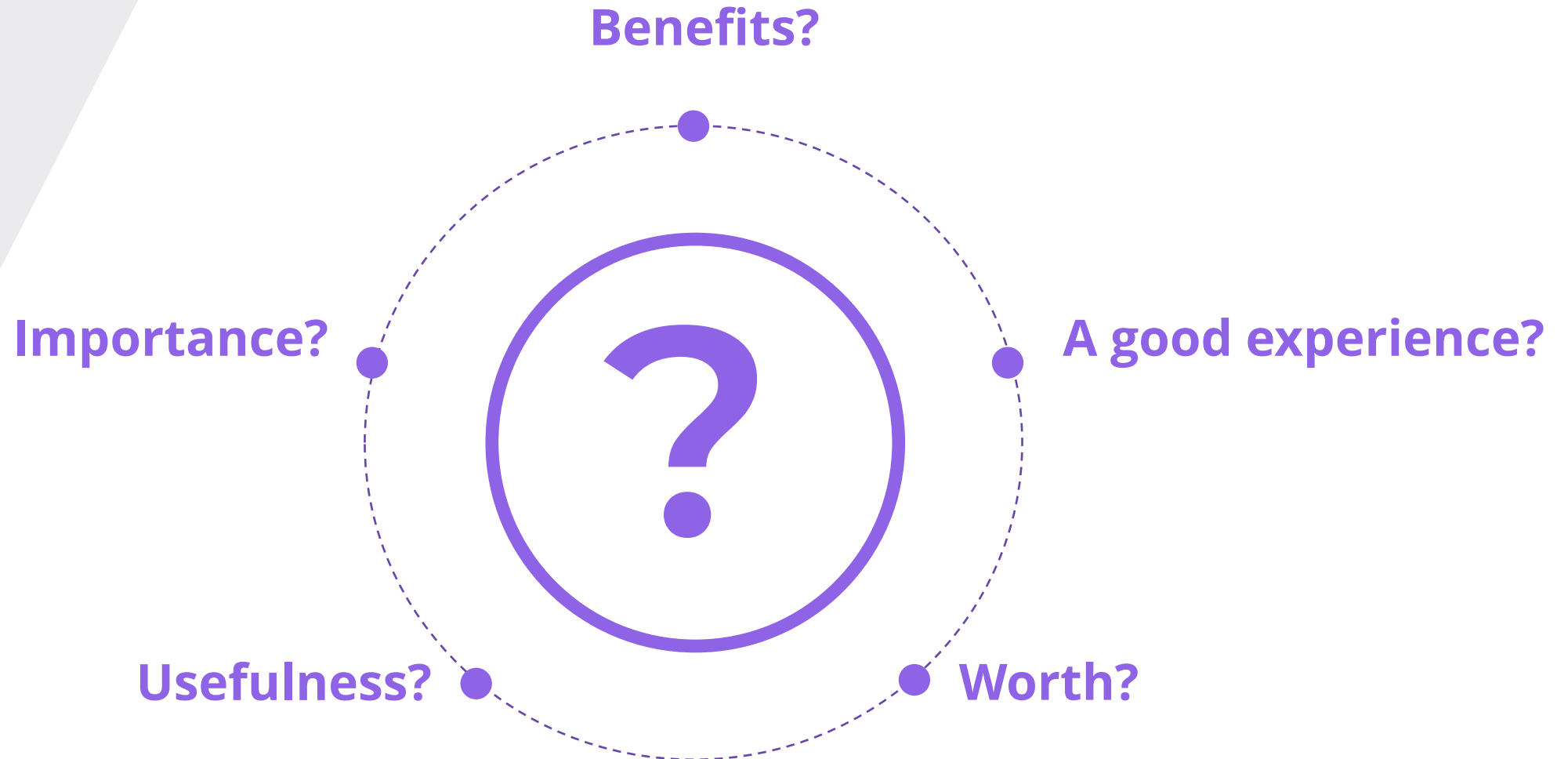


By the end of this section, you will be able to:

- Describe the relationship between **value and its stakeholders**, including the **organization**, **service providers** and **service consumers**, and other stakeholders.



What do we mean by value?



Definition of value



Value



The perceived **benefits, usefulness, and importance** of something.

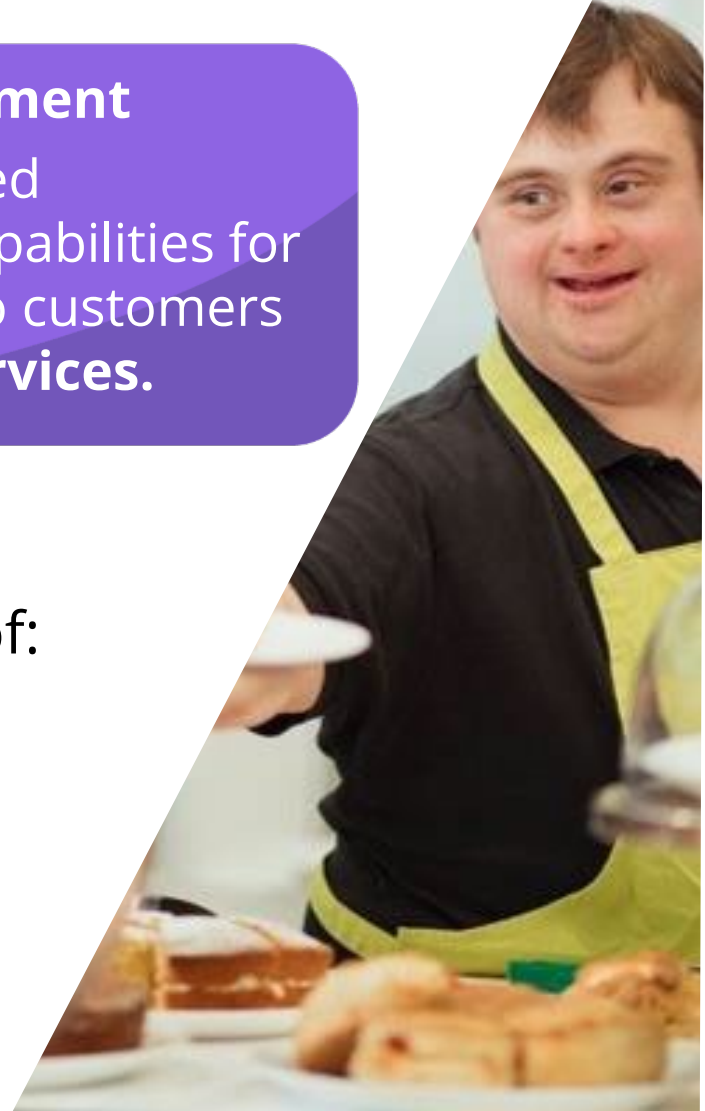
Service management



A set of specialized organizational capabilities for enabling **value** to customers in the form of **services**.

Developing the specialized organizational capabilities mentioned in the above definition requires an understanding of:

- the **nature** of value
- the **nature and scope** of the stakeholders involved
- the way **value creation is enabled** through services.



What is an organization?



Organizations vary in **size and complexity**, and in their relation to legal entities, from a **single person** or a **team** to a **complex network** of legal entities united by common **objectives, relationships, and authorities**.



Organization



A person or a group of people that has its own **functions** with **responsibilities, authorities, and relationships** to **achieve its objectives**.

How is value created between organizations?



Service relationships



To create **value**, an organization must do more than simply provide a service. It must also **cooperate with the consumers** in service relationships.

Service relationships are established between two or more organizations to **co-create value**. In a service relationship, organizations will take on the roles of service providers or service consumers.

The two roles are not mutually exclusive, and organizations typically both provide and consume several services at any given time.



Providers and consumers co-create value



Organizations which deliver services are referred to as **service providers**.



Those to whom services are delivered are referred to as **service consumers**.



Recap: Key learning points



- **Value:** the perceived **benefits, usefulness,** and **importance** of something.
- **Organization:** a person or a group of people that has its own functions with **responsibilities, authorities,** and **relationships** to achieve its objectives.
- **Service management:** a set of specialized organizational capabilities for enabling **value** to customers in the form of **services.**

