Team Project Guidelines

STEP 0: IDENTIFY SERVICE AND TARGET CUSTOMERS

Select a direct-to-customer service that is not doing well and/or a service that you believe has greater growth potential (via current customers). Describe the service and the service provider. Characterize the customers who currently use this service that you will target for your project. Generally, describe the *market context* for the service – customer demand/sales trends, the next best alternative solution for the target customers, and anything else that could affect demand for the service.

STEP 1: CUSTOMERS' JOB TO BE DONE AND DISSATISFACTIONS

a. Define the job that customers are "hiring" the service to do and the customers' success outcomes (functional, emotional, social). Specify the job context for the customer group.

b. Create a Progress Map (*not a customer journey map*) that shows <u>all the steps</u> that these customers' must accomplish to obtain the success outcomes in the specified job context.

c. Create a customer narrative (the customer journey or experience) for the service. Note long lead times ("these activities take too long"), customer-side complexity ("these activities require too much effort"), variation ("certain undesirable things happen from time to time"), and service gaps ("the service doesn't help me *in certain areas*"). Ideally, you would interview customers directly to identify these customer pain points (dissatisfactions). However, you can also glean this information from online customer ratings, third-party reports, your own experiences as a customer of the services, etc.

d. Describe the Moments of Struggle (MoS) in the customers' words (unstructured narrative format) that will be targeted for VLIFT. Relate these MoS to the job steps (defined above) in which they belong (that is, what steps are affected by the MoS).

e. Convert each of these MoS into customer value metrics (CVMs) and estimate the **current value** for each CVM (a number, range, or percentage). *These are undershot CVMs and they represent the customers' important and unsatisfied needs (customer job priorities) for obtaining the service that will be targeted VLIFT.*

STEP 2: DELINEATE THE SERVICE-PROCESS ENGINE (PROVISION SIDE)

a. Create a provision narrative that describes how the service-process engine works on the front-stage side. Describe the front stage process(s), service interface(s) and the customer touch points (Moment of Truth), performer roles, human and IT activities, workflows, decision points, workaround subroutines, and exceptions (service failures). *You would ordinarily interview performers to capture this information. Due the shortness of the class, however, you will need to base this narrative on other sources (including your experiences as a customer).*

b. Using BPMN, create a service provision process model from the above provision narrative that delineates how the service-process engine works now – *the good, the bad, and the ugly*. Annotate each Moment of Truth (MoT) and indicate which of those MoT are Moments of Struggle. At this point, use a collapsed customer pool for simplicity.

STEP 3: CREATE A CURRENT STATE JOB SERVICE MODEL

a. Using BPMN, create a customer process model from the customer narrative in step 1 inside the customer pool (no longer collapsed). Then split the customer pool into two lanes; keep the customer process in the lower lane and delineate the job steps in the top lane. Now relate the job steps in the top lane to the appropriate customer activities in the bottom lane using annotation boxes (box with dotted lines). *Note: customer activities that are not associated with a job step represent **service gaps**.*

b. Connect the customer process model above to the provision process model (the S-P engine) from step 2 (thereby creating a job service model). To do this, connect the appropriate customer activities (lower lane of the customer pool) to specific provision activities within the service-process engine (these connections were delineated in step 2 via a collapsed customer pool).

STEP 4: IDENTIFY AND RATIONALIZE PROCESS INNOVATION OPPORTUNITIES

a. Set a **target value** (a number, range, or percentage) for each undershot CVM that will remove the Moment of Struggle (*ordinarily*, *these should be set at or above the corresponding CVM values of the next best alterative solution)*. Identify opportunities to increase customer value via the following VLIFT strategies that can result in hitting these CVM targets.

- Address service gaps: Address service gaps via a combination of information technology and lean work design; *enable customers to get the entire job done*. This may involve adding additional activities and resources to the service-process engine (although many times existing activities and resources can be repurposed). Another option is to *integrate* a partner organization that can address the service gaps.

- Tailor service to segment: provide service features that are *valuable* to the customer group and eliminate service features that have little value and add costs; increase perceived customer value while lowering the cost to serve these customers.

- Shift customer-side complexity: reduce customer work by shifting customer-side complexity to the service-process engine via process automation; increase ease of use for customers while lowering provider costs.

- Remove slack rope: decrease Time and variation in the service-process engine *via a combination of* Lean, Six Sigma and information technology; scale most CVMs (increasing value) while simultaneously lowering the cost structure of the service.

> *Note: Slack rope opportunities are informed via the diagnostic tools of Lean and Six Sigma – Value Stream Map(s) and a Process Behavior Chart(s).*

b. Rationalize how your proposed improvements will better satisfy customer job priorities by making the service easier, more consistent/reliable, faster, and more complete <u>while also</u> lowering the cost structure of the service (allows for marginal price reduction for customers without reducing the service profitability).

The aim of VLIFT is to <u>significantly</u> increase perceived customer value of a service while also increasing service profitability. The result is a service that generates additional profitable revenue for the provider.

STEP 5: CREATE A FUTURE STATE JOB SERVICE MODEL

a. Create a future state *job service model* that delineates how the service would work after your proposed VLIFT strategies are implemented (hypothetical). Show how the future state meets the CVM targets from step 4.

PITCH VLIFT PROJECT TO DECISION MAKERS

- Present the evidence – customer dissatisfactions, the risks associated with taking no action (losing customers to a competitive solution, higher costs associated with unhappy customers, brand erosion, etc.), stories, data, models, and charts created in steps 1-5. Present this information in such a way that those not familiar with these methods/techniques can easily understand its implications.

- Argue how the proposed VLIFT strategies will simultaneously increase perceived customer value AND increase service profitability via combination of higher sales volume and a lower marginal cost structure. Project the additional profitable revenue streams that the service can generate after VLIFT.

- Estimate the time and resources required to implement the proposed VLIFT strategies.

- The presentation should include a summary of Steps 1 through Step 5. Imbed the current state and future state process models in the presentation.

- The presentation itself should be no more than 15 minutes (enforced). Ten minutes will be allocated for Q&A by the company CEO (instructor). All team members must participate.

  PROJECT GRADING CRITERIA: Quality of Steps 1-5 - weight 75%; the persuasiveness of the presentation pitch – weight 25%. *See syllabus for more detail on grading criteria.*

Celebrate -- You know how to <u>apply</u> process innovation!