

A research agenda for servitization: How relationships support manufacturers in developing service-led growth

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Executive summary

Service-led growth describes a transition whereby manufacturers increasingly focus on services, rather than products, to generate value. There are several potential benefits of service-led growth: higher revenue, greater profitability, improved customer relationships and an improved competitive position. Despite these potential benefits, there are many challenges to manufacturers achieving success; this report highlights how some of these challenges might be addressed, particularly:

- 1) Organising for services and the processes/practices required;
- 2) Service innovation and the creation of new services;
- 3) The development of service-based relationships inside and outside the manufacturer.

In terms of organising for services, having a separate service strategic business unit (SBU) can help to focus a manufacturer's service activities and develop a service culture in the organisation, with senior executives, account managers and service engineers at the vanguard of this transformation. Organisational processes and practices also need to be adapted or developed for service operations. Service innovation requires manufacturers to adapt their existing new product development process to make it more applicable for services, taking account of the 'live' nature of service production/consumption. Developing new advanced services (such as availability- and output-based offerings) may require manufacturers to enter into risk/reward contracts with customers, so processes to manage these risks are vital. Service-led growth requires different relationships, both within the manufacturer and with customers, distributors and other original equipment manufacturers (OEMs). Within the manufacturer, a service SBU needs to work with a range of product and sales groups, propagating the benefits of services to these businesses. Service-led growth could mean that relationships with customers are more intimate as the manufacturer seeks to provide services in the customer's operational environment. Distributors may play an important role in service provision, and the interface between what services the manufacturer and the distributor provide needs careful management to provide seamless offerings to customers. A manufacturer may be able to develop service-led growth by providing services on other OEMs' products, although there are some risks with this approach, if proprietary product information is not available.

Service-led growth is a phenomenon that is likely to affect most manufacturers, either in terms of their own activities or those of competitors. Manufacturers are, therefore, urged to consider how they might make the most of service-led growth activities within their organisation and how they might defend themselves against the actions of other market actors.

Introduction

Manufacturers (traditionally product-dominant companies) are increasingly using services as a strategy to create product differentiation, generate new sources of revenue, grow market share, enhance profitability and meet the evolving needs of their customers. This phenomenon has been variously described as ‘servitization’, ‘service infusion’, ‘product/service solutions’, ‘service-orientation’ and ‘service-led growth’ (the term used in this report). While these terms have slightly different connotations, it is clear that for many manufacturers services are no longer just an add-on to existing physical products, perhaps given away ‘free’, but an approach to transform their businesses. Indeed, there are many high profile examples of companies such as IBM, Rolls Royce and Xerox that have transformed their traditionally product-focused businesses to ones that have a far greater share of corporate revenue from services. Although the focus is often on these high profile examples, service-led growth is (or has the potential to be) relevant to a significant number of manufacturers of varying sizes, across many different sectors, who are seeking a new source of competitive advantage.

While manufacturer’s motivations for undertaking service-led growth are reasonably clear, the challenges that they face in realising this goal are less obvious. This study sought to address some of these challenges and had three primary objectives:

1. To explore the processes, organisational structures and practices utilised by manufacturers engaging in services-led growth, focusing on the development and innovation of a range of new services from incremental to more radical offerings;
2. To explore whether, and if so how, the emergence of new service offerings impacts upon the provision of existing product offerings; and
3. To investigate the role of relationships in the innovation and diffusion of these services.

Thus, the study sought to answer questions around such issues as: How does a manufacturer develop innovative and appropriate new services for its customers? How should the organisation be structured to maximise the outcomes of service-oriented activities? What is the impact of these service-oriented activities for existing product-oriented activities and what relationship should services have with products in a manufacturer undergoing service-led growth? How should a manufacturer work with suppliers, distributors and customers to help bring about service-led growth? Previous research has found that service-led growth is not a ‘one-way journey’ for manufacturers and indeed there are examples of companies that have retreated from this approach

in light of poor results. That being said, we believe that most manufacturers should at least investigate whether service-led growth can deliver competitive advantage.

The report continues with a short description of the methodology, followed by the findings, structured around the three objectives. Finally, the conclusions are presented, and some promising areas for future research identified. The report also highlights some of our published research in this area and we can supply individual copies of these academic papers on request.

Methodology

The research involved discussions with managers in four focal manufacturers in the following sectors; aerospace, telecommunications, chemicals and security. The companies are all large multi-nationals (or are within multinational parent companies), with a significant presence in the UK (where data was collected). Each company is either actively undergoing service-led growth or considering whether to do so. While each company has a different set of products and market environment, the challenges and opportunities from service-led growth quite similar across sectors, which suggests that the findings from the study are likely to be relevant to all participating companies.

In total 25 interviews were conducted, each one lasting about an hour. Three of these interviews were with partners/customers of the focal manufacturer. Interviewees were typically senior managers responsible for; a service business, partner management or marketing. Interviews were semi-structured, with an interview guide (see the appendix) used to guide the conversations. All interviews were conducted by one or more of the report authors.

Interviews were recorded and transcripts produced, which were returned to each interviewee for verification. Data from the interviews and any documentary evidence provided by the interviewees was analysed and the key themes identified, which were related to the three objectives. Information obtained from the interviews is used anonymously in this report (i.e., not attributable to any individual or company).

Findings

The findings are presented according to the objectives of the study.

The processes, organisational structures and practices utilised by manufacturers engaging in services-led growth

Organisational structures for service-led growth

Organising for services is one of the most important decisions managers in manufacturers have to take. There was a degree of divergence between the companies in the study about how services are organised within their businesses. The companies in the aerospace and telecommunications sectors had more established service businesses, and as a consequence had set up separate service strategic business units (SBUs). The company in the chemical sector had a mixed organisational structure; with some regional businesses having a separate service SBU but others combined product/service SBUs; the company in the security sector predominantly had combined product/service SBUs.

A separate service SBU is often considered the best approach for service-led growth, since it enables the SBU to recruit service-focused leaders and personnel. It can also help facilitate a 'service culture', often seen as critical to success. An independent service SBU will often need to work 'horizontally' with 'vertical' product SBUs (a matrix management approach), bringing together different products and services necessary to deliver the required customer solutions. However, such a service-focused SBU will face internal friction and barriers to delivering value. In a traditionally product-dominant company the approach of developing a separate service-focused SBU may be quite alien, with services usually retained within the product SBUs and often used as a way to win product-based contracts. It cannot, therefore, be assumed that there will be unanimous support for an organisational arrangement that creates a separate service SBU, particularly in manufacturers with product SBUs that are successful. Furthermore, just by having a service SBU does not mean that the company as a whole will be (or will ever become) service-orientated, with it possible that product SBUs with profit & loss (p&l) responsibility will still tender for contracts without involving the service SBU, if this means that they retain all the revenue/profit. This product-mindset can permeate an organisation even though it has set up a service SBU. A genuine service orientation requires a fundamental change in mindset throughout the company, from the top downwards, but this will not happen quickly, and will only happen when there is a real commitment to change throughout the organisation.

These findings support previous research¹ which suggests that manufacturers should create organisational structures for services that align to their services strategies. So, if the purpose of

services is to protect product revenue then combined product/service SBUs are most appropriate. In this case, services can be used as a product differentiator, creating additional customer value through combined product/service offerings. However, this organisational arrangement can result in services being under-valued within the business and 'given away' (not charged at their true market value) as part of a product sale. If a manufacturer wishes to use services to achieve revenue growth and nurture a more service-orientated culture then an independent service SBU is more likely to be appropriate. An independent service SBU can, however, create tensions with product SBUs, when goals and reward systems are not aligned. Thus, a service SBU may ultimately not be the optimum organisational structure for service-led growth, particularly if the whole company has a service orientation. In this case, re-combining service and product-SBUs might enable a greater focus on providing product/service solutions to customers (customer segments).

Processes and practices for service-led growth: developing a service culture

A strong theme resonating through the interviews was the cultural nature of being service-orientated, with this culture very different to that within a traditional manufacturer. Many traditional manufacturers may lack an understanding of what services really are and how to extract value from them. One aspect of a product-orientated culture is the perception of service engineering as being an inferior place to work than product engineering for highly qualified engineers. A service orientation requires that the benefits of service engineering, working in the customer's operational environment, are promoted. Another aspect of service orientation is having account managers who are able to sell advanced services (e.g., availability and output-based contracting) rather than one-off systems. The account management role is really critical, being both customer-facing, to understand customer requirements, and internally-facing, to mobilise the organisation to create appropriate product/service solutions. Account managers need to be able to keep solution development on track to meet the unique requirements of his/her customer, in the face of changes and cost control that might be proposed from within the organisation.

When a company sets out to sell advanced services and product/service solutions, existing operational processes may be too rigid and product-focused. Service-led growth, thus, requires a corporate-wide change, even if services notionally sit within one SBU or are under the remit of one team. Manufacturers undergoing service-led growth will also need to invest in appropriate IT tools and systems to manage their services, with areas such as telematics (remote monitoring, diagnostics and repair) and field-force management likely to be increasingly important. Previous research² supports these findings and identifies the importance to a manufacturer of a service culture, service-

focused leadership in the company and the correct personnel: account managers who can develop an intimate understanding of their customers' businesses and are able to sell product/service solutions; service engineers who are versed on a range of product technologies and can deploy and support them in the customer's operational environment.

How the emergence of new service offerings impacts the provision of existing product offerings

Maintaining a balance between products and services

Despite this report being about service-led growth it was clear from the participating companies that products continue to play a crucial role in each company's portfolio of customer offerings. Indeed, maintaining technological leadership for products is still a fundamental differentiator in many industries. There, therefore, exists a complicated relationship between products and services: on the one hand services are important to help the efficient implementation and operation of own products; on the other, services are required to be, in a sense, independent from own products, enabling manufacturers to grow into new markets. These two roles of services have resulted in different typologies to classify and delineate between service offerings (e.g., see another typology in prior research³). One approach is to consider 'product-attached' services (those designed to help improve product performance) and 'advanced services' (those designed to provide product availability or capability). While product-attached services might have historically been developed to ensure that products work efficiently, e.g., installation, technical support, repairs; advanced services are likely to require a far greater understanding of how customers use products in an operational environment, since they may involve taking over functions that the customer previously performed in-house. Evidence from the study suggests that manufacturers need a balance of product-attached services and advanced services, providing customers with sufficient scope to choose from, but not having too many options that could cause confusion and increase development and delivery costs. Not all customers want advanced services, but those that do might require offerings with contractual penalties in the event that the manufacturer's performance does not reach the agreed key performance indicators (KPIs). We see a number of examples of advanced services being based on an agreed saving against the existing cost of provision by the customer. For this approach to be viable customers need to share detailed operational information, including the costs of provision, with the manufacturer. Manufacturers will need procedures to manage risk when providing these

services, with risk/reward sharing with customers an approach which can incentivise both parties to make the arrangement work.

What is clear from prior studies and the cases studied here is that manufacturers do not seem to have trouble developing and delivering product-attached services, as these are familiar to the organisation; however, when it comes to developing and delivering advanced services, they require the addition of new capabilities. For example, the application of 'big data' is presenting manufacturers and their customers with new sources of information about the operational performance and usage of their products. Manufacturers may, therefore, need new capabilities to take advantage of these developments, such as: being able to make their products work in an IP-environment; developing interfaces to common platforms, such as mobile; creating new services, based on these capabilities, which are valued by customers (see next section). What is also clear from both prior studies and our case organisations is that while manufacturers will often focus on services linked to their own products, customers may well seek a manufacturer that is a trusted service provider to provide services on other OEMs' products. The decision as to whether to offer services on other OEMs' products might come down to what the purpose of services is; provide greater differentiation for own products (where manufacturers are more likely to only provide services on own products) or to develop significant service-led growth (where manufacturers are more likely to look for service opportunities beyond own products). Even if manufacturers do not wish to offer services on other OEMs' products, they should be aware that competitors may be considering such a move and therefore prepare accordingly. Successfully providing advanced services is likely to enhance manufacturer/customer relationships (explored later in the report) and provide a stronger barrier to entry against competitors.

Service innovation and the new service development process

We spent time discussing what service innovation is with managers in this study. What is interesting is that there was no clear consensus as to what 'innovation' really is. However, many interviewees talked about a new business model – thinking outside the traditional value delivery models for the firm – products with services as extras. It is also clear that service innovations being developed range from incremental innovations (a new [and better] way of providing an existing service) to more radical innovations (that can 'blow the mind' of the customer) An example of the former being remote diagnostics and repair of a product fault rather than an engineering visit to fix the problem

and an example of the latter being output-based contracts, whereby payment is based on the performance of the product, rather than initial capital outlay and product maintenance.

Innovation needs to take account of technological advances from outside a company's own industry. Innovation around data is becoming increasingly important in a number of sectors, through phenomena such as 'big data' and 'the Internet of things'. These technological evolutions will not directly impact every industry and company in the same way, but they will certainly yield interesting service innovation opportunities for some. One way to spot opportunities is for a manufacturer to consider the end-to-end customer processes linked to its products and explore how it can use data to deliver the required output better and/or cheaper than the customer currently gets from another supplier or performs in-house. Considering the operational processes related to products from other OEMs widens the scope of opportunities. For customers to view a manufacturer as a trustworthy provider of advanced services and product/service solutions, it must have credibility through developing a track record of success in this area. In reality then, it seems that manufacturers need to recognise that they cannot just 'leap' to selling complex advanced services – but may well need to build up credibility through product-attached services and focus on their own products first before branching out into more complex options; thus, there is an important learning journey for the firm to take.

In terms of new service development (NSD), companies in this study had generally just adapted their existing new product development (NPD) processes for services, rather than adopting a specific NSD process. However, while there are some similarities between successful NSD and NPD, there are also some well-recognised differences, often based around some of the unique characteristics of services. For example, new services need be introduced and modified by changing 'real-time' processes and the routines of service employees (production and consumption of services is inseparable, unlike for products). In terms of the 'ideas generation' stage of the NSD process, companies seek ideas from within the business; such as, marketing, product and service engineering, research & development, account teams and also from customers and other partners (e.g., distributors). The NSD process, therefore, needs a degree of flexibility to accommodate ideas from these different groups but also rigour to ensure that only innovations that have the potential to be profitable are pursued. New services will need to fit into existing customer processes and systems (more so than new products). Customer involvement in the later stages of the NSD process is also generally more important than for NPD; as processes and systems need to be tested in a live customer environment. Thus, firms should consider adaptations to their innovation processes to allow for these important activities to occur.

The customer-centric nature of NSD means that it is important for knowledge about specific customer innovations to be shared within a company. A new service, if only sold to a small number of customers, is unlikely to be cost effective to develop. Some companies in this study share information about new service opportunities over intranets so that, for geographically diverse businesses, the true scale of the opportunity can be assessed. It is also important to have some type of service 'blueprinting' (how a company divides a service into different components and who is involved during each component), so that consistent processes are developed to efficiently deliver a service in multiple locations, in order to avoid local teams 'reinventing the wheel' each time the service is sold. Thus, service innovation may be more to do with 'productising' services into standard components to enable efficient replication rather than developing something entirely new.

The role of relationships in the innovation and diffusion of services

Internal relationships

Service-led growth requires a significant degree of cooperation between departments or SBUs within a manufacturer. While this is not unique for services, the reliance on multi-team cooperation between engineering, sales, services and marketing can be a challenge. Equally, some services may be delivered from a dedicated service SBU, possibly offshored from the company's main geographic markets. In this complex organisational environment managing knowledge is one of the key tasks, so that everything that is relevant about customer requirements/processes and product/service offerings is captured and utilised across the business.

In the sales environment, ensuring that the service SBU is represented is critical. For example, a service representative should have the opportunity to speak at any product launch to account teams, setting out the service options for the product to provide an integrated message about product/service solutions. However, there is an ongoing concern that in a traditionally product-dominant company, unless there is constant repetition of the service sales message and close involvement with each customer to identify and develop sales prospects, service opportunities may not be fully exploited. One company in this study has 'service champions' performing this role; ensuring that service opportunities are identified and developed within the account teams. Equally, for service-led growth to be successful, service revenue and margin must be protected from being treated as a negotiating item for winning a product bid and, therefore, reduced, if expedient to do so from a product perspective.

It is possible that a service SBU might be a channel partner to a product SBU within the same company, with a quasi-commercial relationship between them; one buying products from the other. These relationships can create internal tensions within the organisation, since both SBUs may be able to sell to or buy from competing companies (outside the organisation). Creating this tension can be a deliberate policy, designed to ensure that both SBUs are continually testing the market, to ensure that both remain competitive. However, it remains unclear how far SBUs would, or should, take this approach if the product offerings from internal and external providers were similar, and an external provider may be wary of commitment because it may wonder whether it faces a 'level playing field' against an internal competitor. Thus, forward integration within an organisation (i.e. taking control of some aspects of product distribution) can be a way to develop greater knowledge of how customers purchase and use products, although care should be taken with this approach to not alienate other distributors.

A service SBU needs to be the advocate of change within a traditionally product-dominant organisation. Articulating the need for service-led growth to drive a corporate-wide transformation is, thus, a critical role for the service SBU. However, it must be appreciated that a corporate-wide transformation could be difficult if the company's historic success has been built on products. To bring about greater service orientation within the organisation, staff within the service SBU could be encouraged to go on secondment to other parts of the business; for example, product engineering, account management (and vice versa). This should help to develop tacit knowledge of how these other SBUs or divisions work and the interfaces to services. Cross fertilisation of ideas and culture can make the service SBU's role in the organisation more transparent and relevant to the whole company.

Relationships with customers

An important facet of service-led growth for a manufacturer is the potential to obtain revenue growth from taking over activities previously performed by customers. As highlighted above, this requires the manufacturer to persuade a customer that currently performs an activity in-house, to outsource this activity to them, which will bring the manufacturer into competition with the internal providers. However, the drive for outsourcing often comes from the customer, who is seeking new approaches to reducing operational expenditure (OpEx). These OpEx reduction targets may well be beyond efficiencies that the internal provider can achieve; requiring a radical new approach to service provision from external providers. It should, however, also be borne in mind that efficiency saving are not always the primary customer driver; knowledge transfer is also applicable in some

situations. Interestingly, in some of these examples, the customer was seen to be trying to upskill its workforce, in order to perform the service activities in-house at a later date. Manufacturers, therefore, need to understand the motivations of their customers, with knowledge transfer applicable in some situations, although providing too much product knowledge may harm the manufacturer's prospect of selling advanced services in the future.

The intimate nature of service provision between a supplier and customer means that stronger bonds can be formed than through product exchanges alone. Service exchanges can, thus, provide valuable information about the customer's business; for example, operational challenges, future product requirements, in-service performance of existing products. Indeed, once a manufacturer becomes part of the customer's operational (rather than just supply) processes it should be easier to develop more effective and efficient services and, thus, retain a 'foothold' in the customer account in the face of competitive pressure. This pressure may come about through the customer wanting dual supply to avoid over reliance on one supplier. To maximise its 'share of wallet' a manufacturer has to prove to the customer that it is competent to deliver services, can be trusted to not take advantage of a privileged relationship (e.g., by overcharging) and is innovative, by always looking for new ways to do things better and/or cheaper.

Relationships with product partners and distributors

Putting in place partnerships with other companies is likely to be an important activity for some manufacturers; for example, when the manufacturer's product portfolio does not include everything a customer needs for a product/service solution. In the information and communication technology (ICT) sector, collaborating and competing ('coopetition') with rivals is a well-established concept, with manufacturers working together for some customers contracts and working in rival consortia for others. Using other OEMs' products as part of a product/service solution can make a manufacturer more attractive to a customer, who might wish to limit the number of suppliers it works with. However, there are increasing risks of using other OEMs' products if the focal supplier does not have access to propriety product information, particularly if it is providing advanced services and assuming some of the risks of product performance. Whenever products are provided using other OEMs' products; service processes will need to be adapted accordingly.

In some geographic territories or non-core markets it might be necessary to sell products via a distribution network. For some industries this is the preferred, or prevalent, business model. Determining the required service capabilities of distributors and assessing those of particular companies is, therefore, a vital task for manufacturers. Integrating the service components from the

manufacturer and distributor is necessary when using a channel strategy, in order to deliver combined services to customers; for example, aligning the responsibility for the different components of a technical support offering (first, second, third line etc.). It is possible that tension might result when manufacturers use distributors; with one party trying to maximise its services, potentially to the detriment of the other party. For a manufacturer seeking service-led growth, being one step removed from the customer can mean that service sales opportunities are missed. However, local service provision may be beyond the manufacturer and therefore a distributor-led engagement is the only option.

Conclusion

Service-led growth is one of main approaches that manufacturers adopt to increase competitive advantage. While the approach is not without challenges, it is one that can benefit a company on many levels, if the strategy is correctly executed. Some of the main decisions executives wishing to develop service-led growth have to take include: how to organise for services, what processes, practices and capabilities are required, how should new services be developed, how should internal businesses work together to maximise service opportunities and how should the company work with other OEMs, distributors and customers?

In terms of organisation, having an independent service SBU is often seen as the way to facilitate service-led growth. This independent business can develop a service culture through having leaders and personnel who are focused on this approach. However, having a service orientation within the service SBU alone is not necessarily the complete answer. Successful service-led growth requires corporate-wide cultural change, which may be extremely difficult for many manufacturers – which might help to explain the variable performance outcomes of firms attempting service-led growth. Manufacturers that do manage to make this company-wide transformation may no longer need an independent service SBU, as a services-mindset permeates the whole company and all customer offerings, but for many it remains a good way of creating momentum for services within a traditionally product-oriented organisation. In terms of the processes and practices required, manufacturers need to invest in service-focused tools and methodologies. Some of these include telematics systems to monitor, diagnose product faults; ‘blueprinting’ service processes which has been shown to support consistent service delivery in multiple locations; the recruitment of account managers who can understand customers’ requirements, develop appropriate product/service solutions and liaise with other internal actors to facilitate their implementation within the organisation.

Service-led growth often requires manufacturers to move beyond product-attached services and develop advanced services, such as availability or output-based offerings, designed to more closely align with customers' operational processes. These innovative offerings may involve an element of risk/reward as manufacturers are incentivised to reduce customer's OpEx and improve activities that might have been previously provided internally. However, our findings suggest that this may well need to be done incrementally – learning from providing product-attached services. Developing new services will be through a company's NSD process, which will resemble its NPD process, but take greater account of the 'live' nature of services, requiring new services to be integrated into existing processes. Being able to develop a pipeline of successful new services that deliver improvements in customer value (over competitor offerings or what they are capable of doing themselves) is likely to be a key differentiator for manufacturers.

Relationships are clearly important for service-led growth. Within the manufacturer a service SBU needs to develop effective relationships with product SBUs and account management teams. Service-led growth will also change the nature of customer relationships, becoming more intimate as service teams develop a greater understanding of their customers' businesses. Partnerships with OEMs may enable service-led growth to take place beyond the confines of their own products. This approach might be beneficial for a customer who wishes to reduce its supplier base, but also risky for the manufacturer if risk/reward contracts are entered into without access to proprietary product information and potentially risky for customers, if they engage too much with a single supplier, leaving themselves open to potential exploitation. Thus, trust in the motives and behaviour of a manufacturer seems to be particularly important in winning service business. Service partnerships also need to be put in place with distributors, who may perform a key role in implementing advanced services or product/service solutions. However, tensions between manufacturers and distributors may ensue if manufacturers try to aggressively develop services at the expense of their distributors. Coming to an equitable and pragmatic arrangement is vital so that customers know what services are available and who to get them from.

Service-led growth is likely to affect manufacturers of all sizes, in all countries, in most sectors, since even if a particular company decides this is not the best approach to achieve competitive advantage, it may be subject to others in its industry that do follow this approach; which could result in lower sales and weaker customer relationships. All manufacturers should, therefore, prepare for service-led growth, even if this preparation is simply a way to negate competitors who are actively pursuing it.

We see a number of promising areas for further research into service-led growth: taking the customer or distributor perspective on this topic to determine the skills and capabilities they require

for advanced service provision; addressing transformations from an industry-level perspective rather than just that of the single manufacturer, considering how different companies have adapted to industry-wide trends; investigating service supply chains, particularly the role of offshore service delivery centres; considering the influence of new technology, such as 'big data', to transform how manufacturers service their products; investigating how a company's corporate reputation changes in light of service-led growth and how this might be beneficial to its market credibility. ***Please get in touch if you would like to work with us on any of these projects.***

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Appendix – Interview guide

Introductory questions

- What is the nature of the company's or strategic business unit's (SBU's) business?
- What is your role in the SBU
- How long have you worked for the SBU?
- How large is the SBU?
- What is the role(s) of services in the SBU?
- Are services an identifiable revenue stream within the SBU?
- How are services organised in the SBU?
- How large is the services business (people, revenue)

How are service offerings developed or adapted as part of service-led growth?

- What services does the SBU offer?
- Which services are chargeable and which notionally 'free'?
- Which services are most important?
- How important is service innovation within the SBU?
- What examples of service innovation can you provide?
- What are the drivers of service innovation?
- What approach to service innovation is used to develop new or modify existing offerings?
- Is there a formal new service development process (NSD)?
- How does the approach differ for different service offerings?
- What problems/challenges does the company face in developing new services?
- What factors are important in overcoming these challenges?
- How is NSD success measured?

What role do relationships with other network actors play in the creation and diffusion of these new service offerings?

- Who is involved in new service development within your company?
- What role do these intra-company actors play in terms of developing new services?
- Is their role formal or informal?
- How does knowledge transfer to/from these actors facilitate NSD?
- Who is involved in new service development outside your company?
- What role do these inter-company actors play in terms of developing new services?
- Is their role formal or informal?
- How does knowledge transfer to/from these actors facilitate NSD?
- How do these relationships influence or impact your growth strategies?
- How do these relationships influence or impact your service offerings?