SERVICE DESIGN TOOLKIT

Process and Templates

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Service Design Toolkit developed in 2010-2012 at the JAMK University of Applied Sciences

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Project funded by

TEKES European Union European Regional Development Fund Leverage from the EU 2007–2013 KEMI-TORNIO ALUEEN KEHITTÄMISKESKUS himos MAAILMA Jyväskylän Seudun Matkailu Rovaniemen Kehitys

English Toolkit

see platform Sharing Experience Europe Policy Innovation Design

Preface

Service design is a constant development process that can only be learned through practice. It is essentially a philosophy where a product or service is constantly being improved: learning, refining, experimenting, modifying and then learning again. Once you've gotten the hang of this, you can quickly learn how to implement new methods and develop entirely new methods specifically for the purposes of own business.

The tools presented here are a means for you to analyze your thoughts. By seeking the answers to their questions, you may realize something essential about your business, your customers' needs and their value determination process. Mechanically filling out each tool won't do much to improve your business, so take your time to ponder each question and their answers. You will find some of the questions easy to answer, while others may take more thought. When starting out, you will need more time. Once you have become less reliant on the tools, you will notice that you're developing services on the fly and thinking from a customer-oriented point of view. At this point, the tools still function as reminders that can help you review the development of your services, e.g., if you're looking to expand your business.

The tools in this toolkit are intended to familiarize you with the philosophy of service design. You won't necessarily need all of them, and you are free to modify each tool to better suit your needs if you are so inclined.

Nevertheless, most important of all is the confidence to try new ideas with the right customers as early as possible and before large investments have been made. This will reduce your investment risks considerably. It takes some courage to ask for the customer's opinion before your new service innovation is "done". Once you have acknowledged the idea that a service is never actually finished, you may also realize the value of getting your customers to design services for you while you concentrate on implementing them. Not only will you save time and money, but you will also make your customers into kings who will always stay loyal to their good servants.

This selection of methods was developed in the SDT - Service Design Toolkit project, undertaken by JAMK University of Applied Sciences between 2010-2012 in cooperation with Palmu Inc. All material is presented under the Creative Commons license (http://creativecommons.org/licenses/). The toolkit is freely available for commercial use, but the toolkit's origin must be stated according to the terms of the license (SDT - Service Design Toolkit, JAMK University of Applied Sciences, www.sdt.fi).

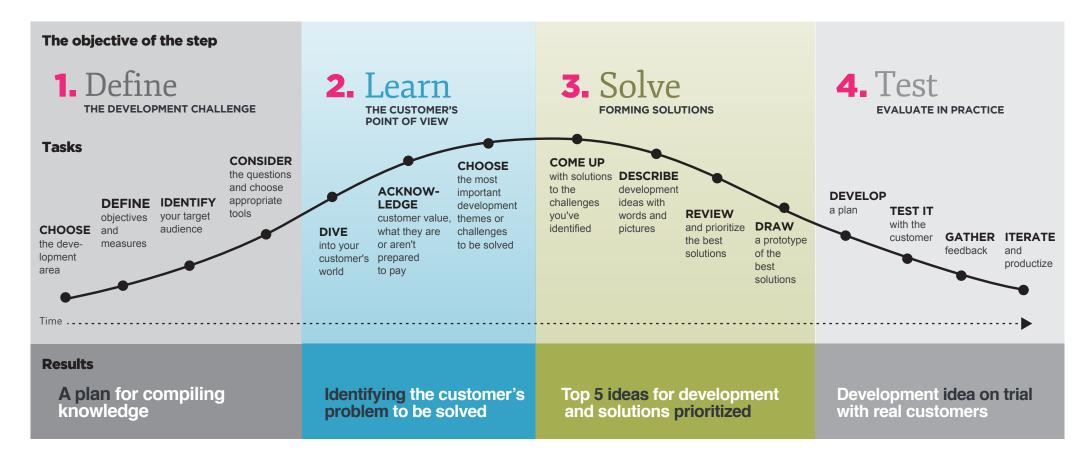## Additional Information about Toolkit:

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Try out the tools of service design

Each step includes its own sheet and a set of tools to help you gather information. You should always get acquainted with each step's sheet first, then think about what information you will need to find and what you may already know. After this, consider whether the given tools are of help to you or if you can come up with some other way to answer the questions. The numbering of the tools corresponds to the steps below.
The tools can also be modified and applied for different steps.

TO RECALL THESE STEPS,
SIMPLY REMEMBER D-L-S-T.

The objective of the step

1. Define
THE DEVELOPMENT CHALLENGE

2. Learn
THE CUSTOMER'S POINT OF VIEW

3. Solve
FORMING SOLUTIONS

4. Test
EVALUATE IN PRACTICE

Tasks

CHOOSE the development area

DEFINE objectives and measures

IDENTIFY your target audience

CONSIDER the questions and choose appropriate tools

DIVE into your customer's world

ACKNOW-LEDGE customer value, what they are or aren't prepared to pay

CHOOSE the most important development themes or challenges to be solved

COME UP with solutions to the challenges you've identified

DESCRIBE development ideas with words and pictures

REVIEW and prioritize the best solutions

DRAW a prototype of the best solutions

DEVELOP a plan

TEST IT with the customer

GATHER feedback

ITERATE and productize

Time

Results

A plan for compiling knowledge

Identifying the customer's problem to be solved

Top 5 ideas for development and solutions prioritized

Development idea on trial with real customers

1. Define THE DEVELOPMENT CHALLENGE

What is the target of the development?

☐ New service:

☐ Existing service:

Tools
1A: Draw the service pathway

What are the objectives of the development? Why do you want to improve your service?

What do you want to achieve? What is the problem to be solved? E.g., increasing online reservations, increasing the value of one-off purchases, encouraging your customers to stay longer, gaining new customers, getting customers to recommend your service etc.

How will success be measured?

€ **Business** metrics for measuring success.
E.g., 10% increase in online reservations, 5% increase in sales.

♥ **Customer experience** metrics for measuring success.
E.g., increased recommendations, increased regular customers.

Who are your service's customers and how can they be reached?

Think about what customers you are particularly targeting. If you're looking to gain customers who do not yet use your service, think about how they can be reached. E.g., other locations, events, online forums etc.

What do you not yet know about your service's customers?

Think about research questions that could help you improve your service. What would you like to learn?
How do your customers use your service? What would you like to understand about your customers' purchase behavior?

Tools
1B: Research questions and methods

Move on to step **2** to examine your customers.

2. Learn
THE CUSTOMER'S POINT OF VIEW

What does your service look like from the customer's point of view? Where are the bottlenecks in the service?

> Try to list the things, needs or goals that your customers seek to accomplish through your service. Go through the customer's service pathway and think about which points produce good experiences and where customer's major challenges and bottlenecks are located.

This is what the customer appreciates:

These are the customer's challenges:

Tools

1A, 2A: Analyze the customer experience

How is customer value created?

> What aspects of the service is the customer willing to pay for? Why do customers make repeat purchases? What factors lead to customers recommending your service?
> E.g., reliability, promptness, individuality, proximity, simplicity, efficiency, expertise etc.

Tools

2B, 2C: Examine value determination

Choose the most important development objectives and form questions about them.

> TOP 3 customer experience problems to be solved / development objectives. E.g., the customer feels the service is too expensive, family activities haven't been taken into account in the service.

1.

2.

3.

> Questions regarding the development objectives. E.g, how could the value of the service be increased? How could doing and experiencing things together be emphasized?

1.

2.

3.

Generate ideas by forming questions about the development objectives.

1. **Question regarding development objectives.** E.g., how could the value of the service be increased?

Ideas for solutions.
E.g., the service includes something that can't be acquired or experienced elsewhere.

2. **Question regarding development objectives.** E.g., how could purchases be made easier?

Ideas for solutions.
E.g., a trial of the service is on offer at the place of lodging.

3. **Question regarding development objectives.** E.g., how could narratives be put to use?

Ideas for solutions.
E.g., each customer gets a personal horoscope that draws on local folklore.

Tips

At first, think of solutions without filtering ideas too much. At this point, quantity is more important - the ideas shouldn't be reviewed until later on. Even the bad ideas should be written down, as they may have the beginnings of a good idea.

Tools
3A: Help for ideas

Choose the best ideas. Identify the idea that is the easiest and fastest to test in practice.

List the TOP 5 ideas that generate more value for the customer, then pick the idea that is the easiest to test with real customers and designate it for further development.

1.

2.

3.

4.

5.

Move on to step **4** to evaluate your ideas.

Tools
3B: Prioritizing ideas

4. Test

Describe the development idea and refine it into a business model. ❯

Briefly describe the kind of service you are about to test. Answer at least the following questions: For whom? What? How? You can use words or illustrations in your answer. If your idea involves an extensive service renewal, you can use the Business Model Canvas (tool 4B) as a planning aid.

Tools
4A, 4B: Illustrating development ideas

👆 **Tips**

No points for artistry here - the less effort you can spend on a coherent portrayal of your idea, the better. Even a well formed question can be sufficient. Be creative and bold - you will find that people are glad to share their opinions with you.

Plan a quick experiment. ❯

Resources. What actions and utensils are required to test the idea quickly with customers? E.g., cardboard and pencils, an illustratior.

Investments. What are the projected expenses for the experiment? E.g., 20 hours of work.

Measures and observation. What measures and means will be used to determine the idea's functionality during testing? E.g., effect on sales, weekly monitoring.
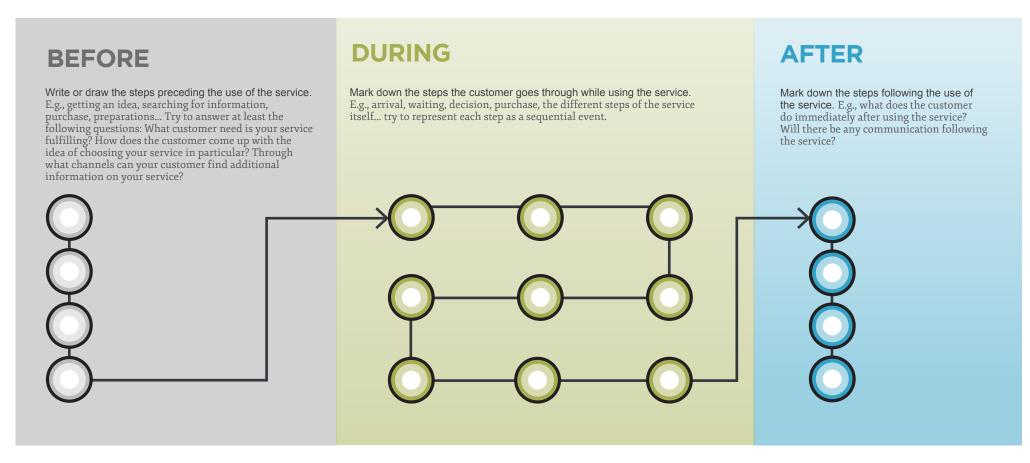
👍 **Gongratulations!**

Now you can test the service with customers. Remember to collect information from your experiment. You can use tool 4C as an aid.

1A | Draw the customer's service pathway

BEFORE

Write or draw the steps preceding the use of the service. E.g., getting an idea, searching for information, purchase, preparations... Try to answer at least the following questions: What customer need is your service fulfilling? How does the customer come up with the idea of choosing your service in particular? Through what channels can your customer find additional information on your service?

DURING

Mark down the steps the customer goes through while using the service. E.g., arrival, waiting, decision, purchase, the different steps of the service itself... try to represent each step as a sequential event.

AFTER

Mark down the steps following the use of the service. E.g., what does the customer do immediately after using the service? Will there be any communication following the service?

Mark down the hot spots of service development on the pathway:

The customer has a good experience at this step.

The customer has problems at this step.

Tips

Even before starting research, you can think about where the hot spots of development are located. This way, you can form your own assumptions about development objectives. You can test these "what if" ideas in customer interviews.

One excellent tool available online is the **CUSTOMER JOURNEY CANVAS**.

1B | Select your tools and design your study

What are the research questions?
How could different tools be applied?

Think about what in particular you want to know about your customers and their experience. E.g., how your customers make choices regarding different services, what influences their purchase decisions, what new things your customers would be interested in, what your customers wish for in a vacation, why customers would choose your competitors' services instead of your own, what kind of additional services your customers would appreciate...

List your questions here and circle the most important ones, then think about which of the supplied tools would best help you in finding the answers.

Tools for understanding

1. Stand by and observe

What can you do: Observe how customers use your service or other similar services. Identify the customer's entire process, including what happens before and after using the service. Observe from a distance or walk through the customer's entire pathway yourself. Take photos of the steps or other things that might draw the customer's attention.

Suitable especially for: Improving the user experience of an existing service and understanding the customer's actions and any difficulties they might face.

2. Cooperate and communicate

What can you do: Think of a few questions regarding your service in advance. However, let your partner take lead of the conversation at first and try to talk about everything related to your topic. If the conversation is about to run dry, you can revitalize it with the questions you came up with.

Suitable especially for: Identifying the customer's hidden needs. Be alert, try to "read between the lines" and decipher what your customer is really thinking of.

3. Have your customers share their experiences

What can you do: Ask your customers to describe their service experiences in their own words. Avoid leading questions. Once you hear something interesting, you can get further into your customer's thoughts by asking them "why" several times in a row (5 Whys -method).

Suitable especially for: Figuring out value determination. Memorable service situations usually involve experiences that are particularly good or bad. Mapping them out is essential.

What does she
Think and feel?

Try to describe what your customer is thinking and feeling.

What are they thinking, but won't say aloud?

What moves them?

What worries them?

What are their dreams?

What does she
Hear?

How do conversations held around your customer affect them?

What are their friends saying?

Who influences them?

What media channels influence their opinions?

What does she
See?

What does your customer see around them? What kinds of things do they see?

What kinds of people do they see?

What attempts are there to influence them, e.g., visible bargains?

What kinds of obstacles do they encounter?

What does she
Say and do?

How does your customer speak and act in public?

What is their attitude like?

What will they tell others?

Can you notice any inconsistencies in their behavior - situations where they say one thing, but do another?

Original version: XPLANE, Empathy Map

Being upset

What makes your customer upset? What obstacles do they wish to overcome? What kinds of risks do they avoid?

Achieving

What does your customer hope to achieve? How do they define success? How do they intend to achieve their goals?

Tips

First, think about who your typical customer is. Give them a name, title and age. Then try to answer these questions by putting yourself into their position. Gather information by observing, chatting, asking, experimenting...

2B | Tips for discovering customer value

Customer routines and habits

Think about how you can generate value by supporting the customer's actions.
E.g., how does one prepare to use the service, what everyday situations relate to using the service, what routines do the customers have?

Preconceptions and obstacles

Think about how you can generate value by tearing down these obstacles.
E.g., what prior bad experiences does the customer have, how could travelling be made easier, what might prevent the customer from trying the service?

Appreciations and expectations

Think about how you can generate value by offering things that the customer desires and appreciates, whether consciously or unconsciously. *E.g., what is important for the customer, what interests and inspires them, what problem will the service solve, how will the service help them?*

Guidelines for good interviews

1. **Get involved** in situations where the customer is using the service. That is the most natural environment for discussing what works and what doesn't.

2. **Discuss**, don't interview. Try to establish a relaxed setting that feels natural for the customer to occupy and communicate in.

3. Find out the best and worst **experiences** the customer has had. This will reveal a lot about what the customer retains memories of.

4. Find out why your customers would or wouldn't **recommend** your service. Discuss services other than your own. Recommendations always reveal the most about value determination.

5. Show the customer your **"what if"** ideas. Even dumb ideas may bring about interesting conversations. Remember that the customer might not necessarily be able to tell you what they want. Using pictures as a stimulus works well, as an example.

6. 5 Whys -method. Ask **"why"** five times. Every question should let you deeper in on what essentially influences the customer's choices.

   Practical example of five questions:

   Customer:
   Interviewer:
   Customer:

   Interviewer:
   Customer:

   Interviewer:
   Customer:

   Interviewer:
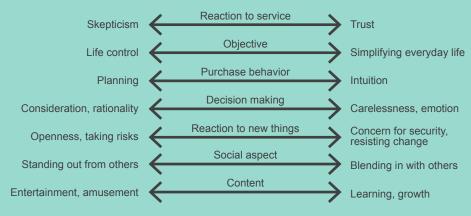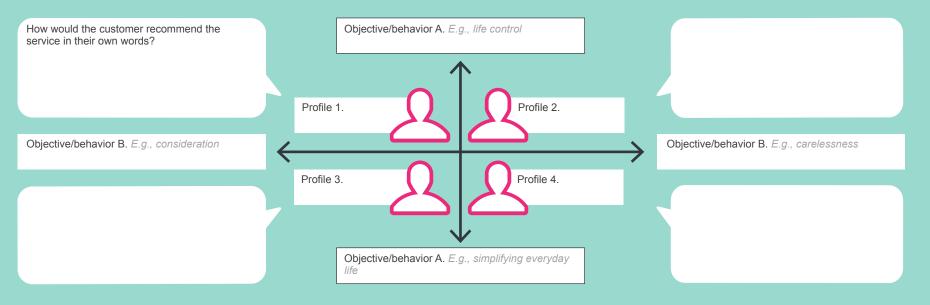   *Customer:*

   Interviewer:

2C | The different behavior models of customers

Tips for identifying different customer profiles

1. First think about your typical customer. Try to figure out their behavior by using the opposites aside and placing an X on the lines between them. Come up with additional opposites regarding customer behavior if necessary.

2. Usually, this "basic customer" is also orbited by different kinds of customers with different characteristics. Write down their key differences as the axles of the chart below.

3. Try to perceive your other customers through the opposites. Give all the customer profiles a name that describes their typical behavior.

4. Think of a characteristic phrase that the customer might use to recommend your service.

5. Try to look at your service through the eyes of the profiles you've come up with and evaluate whether you've taken their different needs into account.

Behavioral differences and opposites

Skepticism	Reaction to service	Trust
Life control	Objective	Simplifying everyday life
Planning	Purchase behavior	Intuition
Consideration, rationality	Decision making	Carelessness, emotion
Openness, taking risks	Reaction to new things	Concern for security, resisting change
Standing out from others	Social aspect	Blending in with others
Entertainment, amusement	Content	Learning, growth

How would the customer recommend the service in their own words?

Objective/behavior A. *E.g., life control*

Profile 1.

Profile 2.

Objective/behavior B. *E.g., consideration*

Objective/behavior B. *E.g., carelessness*

Profile 3.

Profile 4.

Objective/behavior A. *E.g., simplifying everyday life*

Below is a list of themes and questions that allow you to try out how your idea could change through different suggestions. You can also use them to come up with quick product ideas that you can pitch as "what if" questions while interviewing customers.

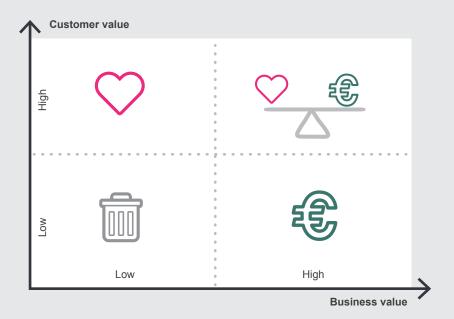| Theme	Example
Changing scale	*Could there be a free trial version of the service? What would be the lite version of the service? How about the premium version? How could scaling the service into different versions affect its desirability and perceived value?*
Bundling and chaining	*What larger wholes could the service be bundled into for different profiles? What kinds of service chains would customers appreciate?*
Extras and added value factors	*What new things (free or paid) could be added into the service in order to encourage a certain customer profile to recommend it? E.g., trials, instruction, products, partnerships...*
Crowdsourcing	*What things about the service might the customers want to build or tailor themselves? How could feelings of influence, personalization and individualism be added into the service?*
Customer service and considerations	*What are the most important encounters for the customer? How could the experience be improved with personal customer service? What small gestures could generate recommendations for your service?*
Sustaining the length of the experience	*How can you inspire your customers to talk about the service at home a couple of months after participating? How can you aid the creation of narratives? What keepsakes can you give from the experience?*
Attractions	*If an entirely new service had to be established for the chosen customer profile, what would it be?*
Time and availability	*Is there a certain point of time where there is enough vacant capacity to use for some other purpose, or alternately at a lower price, cf. low season?*
Purchase	*In what context should the service be sold to the customer? What new channels or partnerships are available? Could there be any incentives for the customer to commit to a purchase earlier, e.g., bundles?*
Earnings models	*If the service were free, how could money be earned from customers? If payment were optional, how should the service be built? Are there any interesting new payers or purchase models, e.g., group buying?*

1. First use the matrix on the left to think about your idea in the terms of business and customer experience. Is your idea economically viable? Could the idea encourage your customers to recommend your service? Place your idea in the matrix.

2. Next think about how challenging it would be to quickly try out your best ideas in practice. What would be the easiest way to test the new service? This will help you identify an idea that is both quick and easy to test with your customers.

Tips
Always consider the vitality of your idea from a customer's point of view: does it generate any value, or do you just assume it does? Even ideas that feel good at first may be hindered by unexpected assumptions.

1. What is the idea's customer value potential?

Customer value

High

Low

Low   High

Business value

2. How quick and easy is the idea to test with customers?

Time needed

Short

Long

Complex   Simple

Challenge

4A | Draw the first prototype

The name of the service

Promise to the customer

The marketing message to be delivered - a reason to purchase the service.

A picture of the usage situation

Draw stick figures, cut a picture from a magazine or something along those lines.

How does it work?

From a customer's perspective, what does the service involve?

Who is it particularly designed for?

How can it be purchased?

4B | Business Model Canvas

1. Start by writing down your **customer segments**: who are your most important customers?

2. Think about **value propositions** you are offering to each customer group.

3. How are your **customer relationships**? Continuous, one-time, formal etc.

4. Through what **channels** can customers find your and use your services?

5. Think about where your **revenue streams** come form.

6. **Key activities**: how do you generate value, e.g., refining grain etc.

7. Who are your **key partners**?

8. What are your company's **key resources** for fulfilling your value propositions?

9. Finally, where do your company's most notable **costs** come from?

Original version: businessmodelgeneration.com

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	

Cost Structure

Revenue Streams

4C | Collect information, improve and productize your service

Customer feedback on tests

Gather feedback through forms or interviews. Try to find out whether the test has had an effect on customer experience. Have the customers noticed the test? Did they consider it an improvement? Will the test lead to increased recommendations?

Your own thoughts and reflections

Did the test work according to expectations? Did it reveal any surprising information? Did the test show interesting potential? Should the test be made permanent? Would it be a smart investment?

Changes in the observed measures

Business measures

Customer experience measures

Lessons and suggestions for improvement

What has been learned from the test? How could it be improved? Could there be any alternative solutions that would work better? How could the test be further commercialized and sold more effectively, e.g., through partners?

Notes