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*Podcast Transcription*

*Implementing Lean Marketing Systems*

## Service Design Thinking

with Marc Stickdorn

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## Implementing Lean Marketing Systems

Service Design changes the way you think about business. No longer can companies focus their efforts on process improvements. Instead, they must engage the customer in use of their product/service rather than analyzing tasks for improvement. We no longer build and hope that there is a demand. We must create demand through our product/service and Service Design Thinking is the enabler of this process. It changes our mindset of thinking about design at the end of the supply chain to make it look good and add a few appealing features (all within budget). Instead, it moves design and the user themselves to co-create or co-produce the desired experience to the beginning of the supply chain.



About: Marc Stickdorn graduated in Strategic Management and Marketing and worked in various tourism projects throughout Europe. Since 2008 Marc is full-time staff at the MCI – Management Center Innsbruck in Austria, where he lectures service design and service innovation. His main areas of interest are service design and strategic marketing management particularly in a tourism context.

This involves research such as the development of a mobile ethnography application for mobile phones, the Customer Journey Canvas and various publications and presentations. Marc is co-founder and consultant of “Destinable – service design for tourism” and guest lecturer at different business **and** design schools.

Marc’s Websites:

<http://thisisservicedesignthinking.com/>

<http://www.servicedesignresearch.com>

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**Joe Dager:** Welcome everyone. This is Joe Dager, the host of the Business901 podcast. With me today is Marc Stickdorn. Marc is at the MCI management center in Innsbruck in Austria where he lectures service design and innovation. Marc is also Associate of Design Thinkers, guest lecturer at various international universities, and occasionally speaks at conferences.

Marc was the co-editor of "This is Service Design Thinking" which combines the knowledge of 23 international authors. While I have to think that you do more than occasionally speak at a few conferences now with the book, Marc, could you bring me up to date to what you're doing right now?

**Marc Stickdorn:** Right now I'm in my office in Austria, and I'm enjoying the snow outside. I just came back from Australia where I've been a few weeks and did a few workshops there at universities and with agencies and I also gave a workshop at the government embassy. It's really nice.

**Joe:** A daunting task to combine 23 authors together in a book. Could you explain what your purpose was for taking that task on and creating the book?

**Marc:** I did the book together with my colleague Jacob Snyder, who is a graphic designer from Germany; our idea was to apply what we are preaching, so this design, on our project ourselves. In fact, we started with our problem and the problem was we are talking about service design; we are teaching it, I teach at universities; we give workshops at companies, and there are a lot of people now, we've got a growing community, and we all face the same problems.

That was back in 2009 when we started with that, but there was no one, single reference. We always pointed here and there towards blogs and websites, articles, journals, book chapters and all that, but there was no one, big resource. That was our

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initiated problem. We didn't know we were ending up with a book in the beginning.

We just started with working on the problem and talking to colleagues and trying to identify what the real need of them was. At one point, Jacob came up with that that what was really missing is the static reference, so a reference which is not changing anymore. If you point towards articles or especially websites, blogs and so on, it's all changing. It's all changing all the time.

Even though the book might now be already a little bit outdated because people wrote it three years ago, it is good to have a round reference where you can point towards and it will stay like that. You can say, "Well, that's how service design was in 2009/2010. This is how the community perceived it," and from there we developed further.

That was our idea. Service design was highly co-creative. It's interdisciplinary, so there is no one author has the authority to write a whole book about it. At least that was our perspective because everybody's design service is right no matter if your background is from marketing or design or management or engineering or architecture, whatever. We asked the community, and the response was really, really good on that.

We had lots of people helping us to do that to, not only the trend at the office, but also more than 60 contributors to help us. We had a blog. We sent out a blog to a mass of people about the tools that they're using and so on. People contributed well there with comments on that, with methods they used, they shared photos on that. Our job was more or less designing the process and combining all that content from all the different people.

**Joe:** Do you believe service design is more of a way of thinking maybe than it is just a methodology to follow?

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**Marc:** Yes, definitely. That's also one of the reasons why we called this book "This is Service Design Thinking". There are two main reasons why we did that. The first one is people are always talking about is it service design or is it design thinking or is it third level design, fourth level design, is it UX design, is it multi-channel user experience design, is it what? Whatever, you name it.

In fact, we wanted to tell people it doesn't really matter how you call it, it's more about what you do and how you think about that. For us, it is a mindset, and that's why we like this term, this word of thinking in it. The problem if you work in an interdisciplinary team is that each discipline got a specific language, its terminology, which is really important.

That's why management people can talk to each other without any problems and engineering people can talk to each other, IT people, and so on. When those people try to work together they always have the problem that they fall back on their own terminology and tend to not really speak the same language. With this kind of approach, design speaking, we speak just the language of the customer which is really, really easy.

Design facilitates the language. We use a lot of visual language which helps us to communicate between each other. This is why we refer to it as a way of thinking, actually, as an approach.

**Joe:** You use the central language point as the customer. That's really the essence of service designing, isn't it?

**Marc:** It is. It's also the understanding of who is a customer. If we talk about customer it's not only the end user, the end customer. We're all customers, and we're all service providers. If you think of an organization, you provide services within your department to your colleagues and so on.



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The same methods, the same tools, apply also on that organizational thinking within an organization.

**Joe:** What are the roots of service design? Where does it come from? Does it come from the design thinkers, does it come from SD logic, or does it come from customer experience? Where are the roots of service design?

**Marc:** Definitely things like Service Dominant Logic or Experience Economy are major frameworks for us, especially Service Dominant Logic. I research that all the time because I don't really care about the differences of products and services. We look beyond products; we look at the service that these products provide us with.

Just recently there was a nice interview in blog posts about using products as service artifacts, which I like. Once you get back to the roots of that you'll probably end up with an object built from the '80s breaking free from product marketing and the introduction of the service blueprint in 1982. The roots of that are probably marketing.

Then it took a few more years until design really took on that. Applying the design process behind it is highly valuable for us to have an iterative process not a static, linear process with certain steps and milestones, and once you achieve the milestones you don't think of what you achieved earlier, you just precede from there.

It's all about iterations. It's about testing, testing your assumptions, testing your prototypes, testing your concepts, reframing the problems and all that. For me, these are the roots of service design.

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**Joe:** Marc, when you look at the characteristics of service design can they be both tangible and intangible? It seems to me a lot of it's intangible. Is it?

**Marc:** Service experience is mostly intangible, definitely. What we try to do is we try to make it tangible so we can actually work on that. We visualize processes. We act them out. We use a lot of theatrical methods. We do videos of that to visualize the processes. We also add artifacts. We add tangible objects into some processes.

If you think of a mobile phone operator the only physical artifact you get is probably a bill at the end of the month, and that's not really good touch point as we call it. Touch point is the smallest process you can imagine. I don't really like that word, but it's what has been established. The problem about that is touch point is not actually something you really need to touch, and it's not actually a point. It's a fact or process, and that's what many people get wrong.

Service experience, like experience between people, is intangible, but it can be tangible as soon as you add artifacts to it and sometimes you have to do that. Sometimes it's really valuable to add physical objects to it.

**Joe:** We talk about the experience economy and we talk about theaters, even the actual stage. These identifying factors seems like we are scripting everything? When you relate it to a customer, having a script is that part of service design or are we looking for something more in the experience?

**Marc:** We're looking for more. If you're thinking about service, the service provider and the customers, you might be able to script the role of any service provider but you're for sure not able to script the role of the customer, right? Scripting is not the right word for that. It's rather about estimating processes and trying to

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empower the staff, those who are really dealing with the customers, to react on every situation they come across.

To do that theatrical methods are a really valuable tool because we can test all of that. We can play it through and see what alternative we have and see how people react to that, test it with different people and see what happens and redesign it. Provide the stuff with the right tools to react properly.

**Joe:** One of the components I think of in service design is the customer journey map. Can that be done even in large organizations? We can make a journey map of a customer going through a store or maybe going through a "marketing funnel" but can journey maps really be made for large companies?

**Marc:** Definitely they can; it's processing engineering and flow charts and all that. These are all customer journey maps, just different visualizations of that. It's always a question of how much you want to go into detail. You can have really abstract ones which just show the main points of the journey, the main stages. Then you can zoom in and go into more details and take a look at the reader's experience at certain touch points and the alternative journeys people can take.

It also works for large organizations, definitely, but you have to define how detailed you want the map to be.

**Joe:** How would someone get started with service design? What would you recommend?

**Marc:** The most important thing is that you have the manager buy-in. That's one of the problems people faced the last year, which is changing a lot right now because now that the companies see the value they get from that they actually ask agencies to come and help them or develop in-house service design departments.



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The important thing is to think about the real problem, to really identify the root of the problem. Normally you think we have a problem in our customer experience. That is not really a problem. That is just a symptom, but that's at the root of that. We go into an organization, and we do a lot of ethnographic work there. We work with the staff, work alone.

We work with the customers, and we follow customers, we talk to them, a lot of contextual interviews so interviews in the moment when something aqueous or in the situation. We ask why can you do that? The five whys is a classic method to do that. It's really about flipping into the shoes of the customers but also about the employees and also about other stakeholders.

We try to identify the whole network. Stakeholder mapping, we take that a step further into volume network mapping to understand what are the relationships, the exchange of values, between those different stakeholders. Then we really try to understand what are the core problems here? What is our design challenge?

Once we have that then we start working on the creative part of that. We start to identify possibilities, alternatives, and then testing and retesting iterative solutions.

**Joe:** Lots of time in service design we're really expanding on the user experience and, going back to service dominant logic, the value is in the use of product. You really have to go into where the product is being used.

**Marc:** Definitely. Let's think about car sharing for a moment and why that is such a booming movement right now. If you think about cars and car production you really want to know when people use it. When do people use their car, why do they use it, and in which context do they use it? You just mentioned service dominant logic. It's about looking beyond the mere product.

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It is about understanding what is the real value for that. It's not the car itself; it's about getting from A to B and having the freedom to go wherever you can when you can. You need to transfer that on a more abstract level and see if there's a better alternative, for example, car sharing. Maybe you can eliminate pain points you would have using the mere product, finding parking spot, for example, if you share a car and if you have a designated parking lot in front of your house, for example.

This is an example I just made up, but I think it shows what service design is about. It's really about understanding the whole context that whole user journey from A to B, from the morning when you get up until you go to bed.

**Joe:** One of the things that I've noticed about service design is that it really seems to have taken a hold more in Europe than it has in the United States so far. It's just starting to evolve here in the States. Do you have a theory and the reason why?

**Marc:** Maybe one of the reasons is about the name. As I said in the beginning, I really don't care if you call it service design or design thinking or UX design, whatever. The latter two are big words in the US. If you do it right we all do the same anyway and if people really care about how you call it we all talk like that, breaking down silos, but aren't we building up silos again if we try to defend service design against UX design against design thinking and all that?

I don't really want to participate in that discussion because I don't really care. You can call it UX design if you do it good, fair enough. One reason, probably, why it took up more in Europe than the US is that the first agencies who really called it service design pop up here in Europe. Also, academia was heavily in Europe in the beginning. Probably these are the reasons for that.

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**Joe:** We talked about listening to customer, but we are still very feature/benefit oriented in products and service. Value in use is a difficult concept for the majority of organizations, to grasp.

**Marc:** It's pretty abstract, also. I think service design offers the methods to really apply this abstract concept in reality. I think that's the reason why people really like it now. We have the framework, service design logic, and service design thinking just helps you to do it because these are the real methods for that.

**Joe:** Marc, things change. It's not about getting your message out anymore; it's about bringing your message in. I think that's a good description of service design, could you expand on that if you agree or not?

**Marc:** Definitely I do. You could think about social media and how that affects the whole society. One part is definitely about customers. The society itself is just way more informed way more empowered. Just make a test for yourself. When you go on a holiday or a trip do you just book a hotel out of catalogs or do you go online and check it and go to Trip Advisor, Hotels.com, and all the other rating platforms and take a look at what other customers say about that?

That's what's happening. That's what social media empowers us to do. We have a movement in marketing, a shift in marketing from focusing on advertisement to really, truly experience this. Only if you have good, superior experiences then you have the best market you have because you have your own customers as ambassadors that just ring the messages out.

I'm working a lot in tourism here. What happens there is that all the smart hotels, the smart travel operators who bring really authentic, superior service experience to customers they probably have whole new marketing out there because they can compete

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with large companies now. The competition is not so much on advertising budget anymore but on the real customer experience.

If you've got a rating of, I don't know, 4.5 out of five that's what really the purchase decision for customers is and that's happening everywhere. If you think of Amazon and online platforms where you buy stuff, you always depend on what other people say about that. I think that forces companies to think about customer experience in a whole new way, a whole new dimension.

**Joe:** You're really saying we've really created a different value proposition for our companies.

**Marc:** Definitely, yes.

**Joe:** What you're saying is Service Design is the methodology that can be used to understand our new value proposition.

**Marc:** To understand the value proposition, how customers see it, that's always the difference. One thing is how you see yourself as a company, and one is how your customers see you. Then there's numbers about how this differs. It is a method to understand really the customers and to understand your company from a customer perspective.

**Joe:** When we extend our thinking about the user experience we start thinking about open innovation and co-creation. That's a difficult concept for many of us to grasp, but it seems to be the strength of customer experience and user experience is driving us in the next decade.

**Marc:** It's often a misunderstanding of what that co-creation is. It's also what you as a center of innovation is. You can't just go out and ask your customers, "Hey, what do you want?" they won't tell you because they don't know. It's about working



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together and understanding the needs. Customers can help you a lot if you work in the right way together for that.

All these methods are really, really hard to explain and also the book doesn't help you to really understand the concept of that. You have to experience that. You have to go out and do a workshop with an agency doing good service design to really understand the method and to really understand the value of that.

**Joe:** What I believe is an easy way to enter into open innovation and co-creation is through prototyping because the expectations are entirely different. Prototyping is really one of the foundations of service design, is it not, Marc?

**Marc:** Definitely. Prototyping is one of the fundamentals of service design. If you think of management schools they often teach students that mistake's failure, something really bad, but in fact it's not. We try to do as many mistakes as possible to know our process; fail early, fail safe, fail cheap.

From an epic fail you just learn. The more you do, the better it is. In fact, you should celebrate that because once you've done a failure now you learn from that and hopefully you won't do it again. If you think of product design, let's take a car. How many tests can you do with that, with the design, with the chase of it, with the engine? You do crash tests. You do tests like you go out in real life and test it with customers. How much do you do that on services so far? Or you come up with a concept you just go out with it. You have to fail with that at some point. It's better to test it, to prototype it, and to iterate it and develop it further than to come up with a tested fine concept.

**Joe:** Is there a way of prototyping, say you're not really "guinea pigging" the customer is the terminology I use sometimes, but you're not taking advantage of the customer by giving him

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products that are only half developed. How do you go about that and keep a good relationship with the customer? Are there any steps to the process that you would recommend?

**Marc:** Of how to integrate customers in this part of sales?

**Joe:** Yes, into prototyping.

**Marc:** Do it from the beginning on. That's actually many of the methods I've heard. If you think of theatrical methods which are a really valuable tool for service design, you do it with real stuff and real customers then you let them switch routes and see what happens. You interrupt them and give them different ideas, different tests. Through that you prototype and iterate really, really quickly and cheaply and come up with many different solutions and a lot of insights from real customers.

It's all about future stores. You think of banks and fast food chains, retail stores. Many of them have future store where they can test new concepts. Definitely in a more live re-environment because people know it is a future store, but still you can test new ideas through that with real customers.

For me, that is one of the most important things. If you don't test it with real customers who do you test it with then? With yourself? That doesn't work.

**Joe:** The earlier you involve a customer in the process, the easier it actually is.

**Marc:** Definitely. Yes.

**Joe:** I talk about listening with empathy a lot and having that side of question and that feeling for the customer to develop product is something that is taught in service design. Can you develop empathy? I guess that's the question, especially within an organization.

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**Marc:** What many designers learn in their studies is to understand users, to interpret what they're saying. As I said earlier, usually customers won't tell you what they want right away. If they have an idea, they will just go out and do the new product. What people did, if you think of how the mountain bike was developed that was just by customers because they needed that product.

There was nothing out there, so they did it and then later on companies came up and just copied it and developed it further. If you want to lead this process you'd better involve them, you'd better work with customers along with that.

**Joe:** We talk a lot about a designer and in many organizations a designer is a foreign word. We've got engineering; we've got purchasing, the regular org structure outside of the "design firm." We find some designers in marketing, but other parts of the organization don't have them. Does that thought process need to be throughout the organization and do we need everybody to be a little bit of a designer?

**Marc:** Yes, definitely. When we talk about design we always talk about the process, the mindset that designers have. If you have a well-trained designer for sure they're good in that, to have empathy with customers, but also to have empathy with the people that work, their colleagues.

I don't really think there's something like the service designer because we all have our different disciplines, our roots, and our core knowledge. It is more important to have a common language across all these disciplines. Yes, you need designers, definitely. You need product designers, graphic designers, interaction designers.

Normally companies in a normal innovation process these are the last people who lay hands on something. If it's in your graphic

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designers, it's at the end of the process just to make something look good. This is actually the wrong understanding. In fact, we need to integrate all the different people as early as possible in the process, same with the customers, because the more different perspectives you have, the better it is.

Yes, we all need to be labeled like designers. We should be aware that there are people who are really trained in that and know what they're doing. We need to include these people in the process from the beginning on.

**Joe:** Is this book "This Is Service Design Thinking," is that being used as a textbook now in schools?

**Marc:** I'm really happy to see that's popping up here and there as a textbook now. Yes, definitely. That's globally from Australia to Finland to the US. You can see it everywhere, and it's really nice to see.

**Joe:** Are there actual degrees being issued now in service design thinking?

**Marc:** There are a few. Really just a few so far worldwide who offer a Masters or something in service design. It's an interesting development. There are two different streams I would say. One is really offering a Master's program on specifically service design, and the other is what rather I'm doing. I work in a business school here, and I'm teaching service design within our Master level S course.

It's a course everybody got to take, and that's what we see at many other schools as well, both design and business schools but also architecture, for example. I think this is what's really, really valuable. If you have your specific discipline, and you're really good in that and you have a little bit knowledge about what value



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service design can add to your future work that helps all of us to work together in an organization later on.

I would love to see that a lot more. Service design actually gets developed within the curriculum of different study programs. Let's call it that.

**Joe:** Where is service design going? Is it going to be more of the curriculum and educational based or do you think it's going to spread in a concept different companies and organizations? What do you think the future holds for it?

**Marc:** I don't know. That's the beauty of that. It's developing. It's developing so quickly. Every week there are new publications, new methods. Still not that many case studies out there but it's getting better and better. I don't know if, in five years, there will be still the term service designer around. I don't care really about that.

What I really want to see about this mindset of the methods and tools we use that these are developing further, and these are spreading across both companies and academia. What we see right now is that many universities are getting really interested in service design and incorporating that into their curriculum.

The story's not ending yet so for at least the next five to 10 years we will see more and more of service design around.

**Joe:** Marc, what's in the future for you?

**Marc:** I don't know. We'll see. I'm doing a lot of research right now, applying service design actually on service design. I've tried to help service designers, so those people who are actually doing service design both in companies, students, academia, to provide them with tools to do their work more easy and better.

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We're developing tools like mobile ethnography, like My Service Fellow. We're working right now on software to easily come up with a customer journey map and soon stakeholder maps and try to incorporate that with our other maps. I'm busy with that right now. We'll see what the future brings in.

**Joe:** Is there something that I didn't ask that you would like to expand on or mention about service design thinking?

**Marc:** Maybe I would like to add one thing, and that's about expectations. We talked a lot about experiences now and one really; really important thing is the expectations. If you're thinking about what advertisements do and communications if you go online and read reviews about said product and so forth, it's all affecting expectations. That is something really, really important.

If you're thinking what satisfaction is, customer satisfaction, it really depends on the expectation. You level your expectations against your experiences. That's what still many companies don't really get to level their expectation that right manner. Expectation management is one thing which needs to be included in service design.

**Joe:** The expectation of what a customer should know and what an organization should do. Having that commonality really is what makes the product experience great. I think that's a great point.

**Marc:** Definitely. That's why low-cost carriers are working so good because they promise you nothing and at the end of the day you get from A to B, and that's all you want and that's all they promise and that's all they do. That's why they work. They can have an awful customer experience but if they don't promise anything else, fair enough.

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If you promise to have an awesome customer experience and you just provide an average experience that's something negative. That's what I meant with a shift from advertising to experiences, as well. Just want it to work.

**Joe:** If someone wants to learn more about Marc Stickdorn and the service design thinking how can they contact you?

**Marc:** We have a website called [thisisservicedesignthinking.com](http://thisisservicedesignthinking.com) or our abbreviation [tisdt.com](http://tisdt.com). You can find all my contact details there as well as all the other offers and my product app. If you'd like, just contact us. Go online. We're on Twitter; we're on Facebook. Just communicate with us.

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**What others say:** *In the past 20 years, Joe and I have collaborated on many difficult issues. Joe's ability to combine his expertise with "out of the box" thinking is unsurpassed. He has always delivered quickly, cost effectively and with ingenuity. A brilliant mind that is always a pleasure to work with." James R.*

Joe Dager is President of Business901, a progressive company providing direction in areas **such as Lean Marketing, Product Marketing, Product Launches and Re-Launches. As a Lean Six Sigma Black Belt**, Business901 provides and implements marketing, project and performance planning methodologies in small businesses. The simplicity of a single flexible model will create clarity for your staff and as a result better execution. My goal is to allow you spend your time on the **need versus the plan.**

**An example of how we may work:** Business901 could start with a consulting style utilizing an individual from your organization or a virtual assistance that is well versed in our principles. We have **capabilities to plug virtually any marketing function** into your process immediately. As proficiencies develop, Business901 moves into a coach's role supporting the process as needed. The goal of implementing a system is that the processes will become a habit and not an event.

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