Service Design via a Design Thinker
Guest was Arne van Oosterom

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Arne van Oosterom, Partner at DesignThinkers in Amsterdam. DesignThinkers is a Strategic Design agency that specializes in social innovations, service innovations, customer centered design, marketing 2.0 and branding. They provide a bridge between business opportunities and creative solutions.

Arne is a Designer in Residence at the Oslo School for Architecture and Design & Norwegian Center for Service Innovation, Founder of the Design Thinkers Network, Co-Founder of the Service Design Network Netherlands, Catalyst at WENOVSKI and Founder of the Healthcare Initiative CareToDesign and Keynote Speaker at various International Universities and Conferences.

Customer Journey LAB is an innovative tool, developed by DesignThinkers, using Service Design and Design Thinking methodologies. It is an effective tool to get insights and improve your customers' experiences of the product and the related services. Their creative thinkers can help your company to improve the customers' experiences of your brand. They offer creative LAB sessions for identifying improvements and new opportunities.

Joe Dager: Welcome, everyone. Joe Dager, the host of Business901 Podcast. With me today is Arne van Oosterom. He's the owner and strategic design director at Design Thinkers, a strategic design agency based in Amsterdam. Arne is also a lecturer and chairman of the Service Design Network, Netherlands. He works with a broad range of associates around the world, and in a network allowing them to be extremely flexible to the customers' demands and up-to-date with the latest design and design thinking methodologies. One of these latest design-thinking methodologies is Service Design, and that's what we're here to talk about. Arne, I'd like to welcome you, and could you clear up any of the names that I messed up there.

Arne van Oosterom: Well, I think you did a very good job. Thank you so much. I made it very difficult for you to have my last name being so very Dutch.

Arne: The one thing that I noticed already is that we change so quickly. Actually, the text you just spoke out, we wrote that probably a year or two ago. And so many things have changed already, so that's fascinating to hear.

Joe: Some already in the memory box?

Arne: Well, it illustrates how we are changing every time. Every year we've been, in Design Thinkers, my agency has been around now for five years, exactly five years. I think every year we have to reinvent ourselves, because everything we do is so new and unknown, and it's all part of this discovery. It's interesting, too, if I read things I wrote a year ago or two years ago; it's fascinating to see how quickly things change.

Joe: I can see some of the publications I did, like last year and boy, things have really evolved from there. They're a nice starting point. Such as, you were a contributor to "This is Service Design Thinking." It's nice to have a base point, but it is amazing how much things evolve anymore.

Arne: Yes, it's so true. Even that book, it's a great collection of opinions, methods, tools and people, really. Even words, I mean, things change. And I like that. That's one thing that I think is very difficult about books, and that I love about Internet, is you can actually change everything on the Internet. But the book is like, forever. It's fascinating because things change. So it's good to have them as markers, probably.

Joe: I think a marker and a basis for understanding as someone gets into it, and once you evolve it, you understand it. It's like taking history in school. You understand why you are who you because you understand the foundation better. I think a great compliment to the book you just gave is because, the fascinating thing for you is the people involved and what a great story for Service Design.

Arne: Yes, I think if you want to know more about Service Design or Service Design thinking, especially here in Europe, the book; it brought a lot of people together who have been very influential. Actually, it makes it very easy to find these people. Having conversations with these people, I think that's the most valuable part of it. I think if you read the book, of course it's great. But actually, if you want to know more, like you did, find these people and talk to them, because probably they change their opinions, and they learned a lot more in the last few months since the book actually was published.

Joe: What does Service Design mean to you and your agency?

Arne: Well, first, it's not a very straightforward story. It meant a couple of things, actually. One of the things it meant was freedom to actually poke our nose in any business we're interested in, so be involved in the holistic story. Because before we started Design Thinkers and doing Service Design, we were always doing just a part of a project.

Personally, I have a background in communications design and marketing, and a business strategy from the creative side, doing campaigns and all that. We were brought in; we were being briefed by a company, and we were brought in at the end.

Budgets were already set, and decisions were made. Service Design allowed us to be part of the project before there was a brief, because Service Design says you have to approach, think holistically. You can't just go and create a great website just as a one touch point.

For instance, the financial information you send your customers, nobody understands it, and the letters are really terrible. You have to design that as well, etc. Everything is connected to everything. So that meant for us; Service Design gave us this opportunity to really grow in a very broad way.

The other thing it meant for us is that it allowed us to open this search for what is changing. What I mean with this is that I don't really know. Especially when we started, I didn't really know what Service Design was, or design thinking, for that matter.

We are still searching for what exactly does it mean. Because sometimes we're just doing the same thing as we used to do, except that "what has changed." But there are so many things changing in the market. There are so many things changing within organizations and companies, and in our societies that Service Design, for us it means a search, exploring.

A little bit about our background is that we started being Design Thinkers as a company because we were interested in design thinking. At that time, it wasn't such a buzzword, especially not here in Europe. I didn't really expect it to become a buzzword. So we called ourselves Design Thinkers.

I used Service Design in a blog post once, and then all of a sudden, everybody started emailing me and sending me

messages saying, "Oh, did you do Service Design? Oh, that's cool, what is it?" I said, "I don't know, let's find out." But from that moment I started using Service Design, the words, a little bit more often, because it brought a lot of attention to us.

I think we've always been struggling with Service Design, because it sounds like you have Service Design, and you have product design, and it didn't feel right to us. So it's actually when we connected it to Service-Dominant Logic when it started to make more sense.

It started to make more sense because I truly believe that everything is service. It's not about products or services. It's actually, everything is a service, and that it is the logic that is the mindset.

After five years of doing a lot of projects, working with a lot of very good companies and innovation teams, we are still searching. That's something that's probably the core of what we call Service Design, what we think is Service Design and/or design thinking. It's actually to always keep on searching and keep on exploring.

Joe: Yu mentioned talking about taking design -- not the typical design, industrial engineering-type design, but marketing design from the tail end of a product development, or the tail end of a product to the beginning of a product. And that's a big step. How do customers react to that?

Arne: I think that we react to our customers, so we get questions. In the past when I was working in communications design and market, the questions we got from our clients were different. They changed their questions, and we tried to adapt to what they need. So we're not telling them we have something new and that they don't know about it, but it's wonderful, and we try to educate them. We actually try to listen to our clients and find out what they need.

Nowadays, it's a little different. Especially in the beginning, I don't think we used the words Service Design a lot, because our customers, they haven't heard of it, and they don't know what it is.

So what we did do was talk about service innovation, for instance, a lot, product service systems. Customers like; we worked for Philips, for instance. And for them, they understand what we mean and that this is something they need to start thinking in services and product service systems. This is what they know. We didn't teach them this. It's just that this is something they started asking.

The bigger issue is actually how these companies internally are managing it. The bigger battle is actually, how can you implement services, or how can you change the product-driven or technology-driven cultures within companies like Philips or other technology or product-oriented companies? How can you change that culture into a more service, human-centered culture? That's where we struggle the most in the beginning.

Joe: It sounds like a lot of work, Arne. I just want to go find a marketing agency that has a silver bullet and the next great ad for me. It sounds a lot easier.

Arne: Yes, it is. And it's so true. But it's not enough anymore. So our clients are those who understand that it's not enough to have an ad, it's not enough anymore, especially if you think about long term. It's not enough anymore to come up with a great product, an innovative product and put it into the market really quickly. That's not enough anymore. Competition, especially when you're in Europe and in Western European countries, you can't compete with the upcoming economies like China and India. There's no way you can compete with them, except that you need to create relationships with your customers,

and you need to create relationships based on trust in order to profit from them in the long term.

I think that's something, which is a huge step for organizations and companies.

Joe: I always look at it, and I term this. I'm not sure I use the right terminology, but I think you have to go deeper than relationships. You have to actually start playing in the customer's playground. You've got to be there with them in the use of the product. Is that support Service Design?

Arne: Well, it's support Service Design in the sense that we really believe in what we call a value co-creation. Value is always being co-created, and we are moving away from what we call value in exchange, to a world where value is being used as a center stage. Value in exchange very simply means that you put a lot of value into a product as a factory as a producer, and then you exchange your product for money with the consumer. I buy something for my company, and I give them money, they give me a product. That's value in exchange. That's what we are focusing on right now, which is the product-dominant logic.

But you're moving more towards a Service-Dominant Logic, which is something you can see, for instance, with smartphones. I always say, a couple years ago when you would buy a non-smartphone, a traditional Nokia when we were still buying Nokias; you would buy the phone. But if you put the phone in your closet, Nokia wouldn't care. The deal was made; money was exchanged, so that's fine.

Nowadays, if you buy a phone, either the producer of the phone -- be it Samsung, be it Nokia, be it Apple -- they will not be happy if you're not starting to use the phone. You need to have the phone, because it's connected to all kinds of other stuff, and it's part of this ecosystem. This ecosystem is only healthy when it's in use.

So it has to have value for me in use, and that is something that is very much different, because I think what we'll see is that more and more products will become connected. And data becomes more and more important, because that is actually the way you have your relationships with your customers. That's your conversation you have with your customers.

You see this with NikePlus, for instance. A fascinating moment, I think, with NikePlus is when they had the chip in the shoe; you could monitor your sports activities and share this online through your iPod. But really, the very fascinating moment is when they took the chip out of the shoe and started selling the chip itself.

There must have been a discussion somewhere within Nike when they said, "How's that going to sell us more shoes? We're a shoe factory. Now, people can just buy the chip and put it in any other brand."

That's actually the point we're trying to make. It's not about the shoe anymore. It's about having this relationship, and how wonderful is it for Nike to have all that data pouring in and being able to understand their customers better, and what they actually do while they're using these products. I think that is a big change.

Joe: I think that's a great example, because it really exemplifies the service-dominant logic, the value and use over just having a product, because you go forward with the relationship. The product just enables the use.

Arne: You can't really copy it. It is very difficult to start copying NikePlus. Adidas tries and tried. Of course, you can copy it, but it's more difficult. The shoe, you can copy the shoe. You can use the same materials, and you can do the same advertisement. You can have other famous sports people in your shoes. You can tell everyone you use the best materials, high-tech quality, all the same. It's all the same.

But when the value in use is real value, when it really adds value to my life, when it helps me reach goals, truly helps me reach goals, then you have this really powerful relationship. It's all about understanding, what do people really want to achieve? And if you can really help people achieve it, then you will have something of value.

Nike, they understood what people try to do with their shoes. They try to be healthy and do sports. Let's help them do it instead of try to sell them shoes with all kinds of wonderful storytelling. But it's not enough anymore.

Joe: How do you go about implementing something like this? How do you go about with a customer and start? You listen to them, but this is a big mind shift for a lot of people.

Arne: Well, actually, there are a couple ways. Implementing, first of all, understanding what customers really want by co-creating with them, by not just listening to what they're saying, but also listening to what they're not saying, which is very difficult. So you have to have conversations with them all the time, continuous. You start small; you start having conversations, and you start learning how to do it. Again, it's not a linear path. It's something that has to evolve.

Most companies, most customers we have, they have to learn how to do it, and they have to take time, because it's a long-term approach. You can't really come up with a solution very quickly, implement it and then expect it to be successful. You have to find your starting point. Think of it as an experiment, a pilot project or a startup, and try to let it grow naturally.

Then I think that's the way, for most of our customers at least, the easiest way forward, because that's safe. You can't change your company culture overnight. The other thing is; it's not just doing research and then just thinking you know everything. Doing

research is really important, but doing continuous research, which is having continuous conversations.

The other thing is that what I think most companies struggle with is that, for instance, we work for a lot of Telcos, and they can find it very difficult to change. They find it very difficult to do something else that they haven't been doing for over a decade.

So changing the culture internally and changing the way they are organized in order to deliver the services, and being able to design the services themselves. That's another, I think, a very important point. I don't really believe that it takes an agency to design the service.

The company itself will design the service because they are delivering the service, and they have to keep on iterating continuously. So you don't need agencies for it. You need to be able to do it yourself.

But this change takes a lot of changing in mindsets, changing in the way you are organized, and changing which people you are actually hiring. I think that's the biggest struggle.

One way to illustrate this is, for instance, I think that eight out of ten projects we do are projects we do together with innovation teams within organizations within corporates. We kind of started calling them pockets of resistance. These are the people that feel the company needs to change their course. They know they have to do it differently, but they can't sell it to management.

Actually, a lot of our projects, they start with the question, "OK, so we know we need to do things different, but how can we sell this to higher management?" Which is fascinating, really, because in a way you expect these people to be really connected to higher management. But usually they're not, and they find it very difficult to find their path and then find their way to higher

management, to be able to start implementing radical innovations.

Joe: It's so true, I think of moving the design process earlier and moving the customer touch points earlier within the organization. So it really means that engagement with the customer becomes flatter and that there're more people engaging within your organization.

Arne: One of the methods we use is our customer journey lab, in which we actually say, innovation is not just about one group of people coming up with wonderful technology or what have you in some kind of a little separate department. But it's actually, everybody should be involved, and everyone should have the mindset of a researcher. So our customer during the lab, actually it's an innovation lab, but everybody's involved in it. Because it's also about making the knowledge that is already there explicit. There's so much implicitly already there, and making that explicit is one of the things that Service Design does.

Again, Service Design is not just about coming up with and designing wonderful touch points and wonderful user experience. It is also about being able to actually change management. Change the organization in such a way that it enables and it allows innovation to flourish, so the company itself can design and produce these services.

Joe: I like the way you describe certain things that you're going in there, because you don't call things just a journey map. You add a few adjectives to it. Maybe that's just your design side, but it's context mapping. It's touch-point analysis. It's emotional-customer journey map. It's like you're taking another step to dig deeper in it. Can you take one of them and explain how you do that a little bit?

Arne: Well, there's one tool we've been developing over the last few months now. We've been using it for quite some time. It's

called a value network analysis. So this tool, for instance, we'll ask our clients to map out all the stakeholders they have, any kind of stakeholder, and any kind of person or organization, what have you, that has any kind of influence on their business. So then what we do is look at the values that are being exchanged between the organization and the stakeholders. Value is not just money. There are a lot of values. There is attention. There is the right exposure. There are all these kinds of values.

Then once we've looked at these values being exchanged; we look at the values being exchanged between the different stakeholders. This way actually, first of all; you will have a wonderful conversation because there is usually a lot of stuff that people don't know. But you get an overview of this force field, if you will, and how value flows through a certain network. This allows you to actually play around with these values.

For instance, we had a customer and this customer was in the business of sending parcels. This is how they made their money. Then we said, "What about this money that is being exchanged here? Let's take that out. Let's say that the sending and the receiving of the parcel, the thing you do, is for free. Where is this money going to come from then?" So it connects to business modeling, as well.

This is the way we use tools to have conversations with our customers. It's never about the tool because this is our design thinking approach. We look at the problem and then we decide which tool would be best and which methods would be best, or should we design new tools and new methods?

Many times, we actually will design a completely new tool or merge a couple of tools together to create a new tool to be able to answer the question better. This is also a very flexible approach.

Service Design, to me, is this unlimited resource of tools from all kinds of disciplines and methods. We can apply something that we could cognitive flexibility, fitting the tools and methods to the problem, and not the other way around.

Joe: You're really co-creating; you're co-producing the tool with the client, right?

Arne: Right, definitely.

Joe: Service Design is really changing your business climate. It really is no longer just a product of service. Thinking along the lines of Service-Dominant Logic, we are just enabling use.

Arne: Products are enablers, like services. It helps me reach a goal. There's nothing new about this. Sometimes that might be very complicated to have conversations about Service Design and Service-Dominant Logic. A lot of times people say, "Yeah, but that's nothing new." That's true. There is nothing new, except the context, the society, the world we are living in changes. So contexts are changing.

We always needed bridges, but these days' bridges need to be built a little bit differently than in Roman times. It doesn't mean that we don't need bridges, but the context changes. I think that applies to Service Design a lot of times.

We've been playing around with the words a lot. We've been using "Service Innovation" or, actually, "New Marketing," we've been calling it for a long time, because to us, there is no better marketing than having a wonderful service.

If you trust the service, if you think that these people really are here to help me, look at, for instance, the NikePlus example I gave. It's a wonderful marketing tool. No campaign, no ad, no commercial can actually beat that.

Again, it's all part of the same world. I have many conversations with people from Lean, or from Six Sigma or from all kinds of other disciplines, methods and what have you. We're all living in the same world. We're all looking for and searching for the same things, call them differently. I really hope...

That's actually connected more to design thinking, actually. What we say is that design thinking is actually the glue between all disciplines. It's your open-mindedness. It allows you to learn from each other and learn each other's languages, because of the example like you just in the beginning.

For instance, Graham Hill, my great friend, introduced me to Service-Dominant Logic. We spoke, Graham and I, we speak different languages because we come from different worlds.

But because we were both eager, we were both interested, and we have a mindset of a researcher, we want to learn. We want to merge things, and we want to break down walls. I think breaking down these walls is what we are all trying to do.

We all feel that it is necessary, whatever we call it, but finding out ways to start collaborating and changing the way companies are organized and are operating. A lot of times what you see internally is that a lot of companies are dividing into silos, or departments or what have you. They don't really work together, because they've been growing by buying up other companies. So you get all these clusters of organizations.

I think we are reaching the end of that model. The new model will force us to break down these walls, and start collaborating and finding new kinds of collaborations.

I think that we are at this moment living in a very interesting time, where somebody other day called it the perfect storm. I don't know about that, whether that's true or not, but I really do

believe that there is more going on than just the financial crisis, worries about the environment and energy.

Actually, I think that there is a reset going on. I think that the model that we apply to our businesses that model is broken. It stems from the Industrial Revolution where companies are there to exploit resources, be it people or natural resources, to suck it dry and then move on.

But I think that model is broken, and we can't accept that anymore. That's something that we all feel. There is a lot of unrest, and there's a whole lot of things, vague writing on the wall probably.

We started Design Thinkers, my company, because we were very much interested in what was going on. We didn't really know what it was, but there was something changing. I just really want to be part of that.

Service Design, Service-Dominant Logic, Design Thinking -- give it a name. It's part of this changing thing. It creates vacuums somehow. It allows new kinds of methods to come, because there are so many questions that need answers. I think that feeling of there's a big change going on; there's this big paradigm shift going on.

It allows us to do business because we offer another mindset and another approach. On the other hand, it makes it very difficult because there are a lot of insecurities about the future and what is going to happen.

Joe: I think the Service Design, when I listen to you what jumps out at me is that paradigm shift. We've lived in a world that's been a supply-based world. We designed features and benefits, and added to it. Now, we have to create demand. As for service demand, as you go out there, Service Design works so well, and

design thinking concepts, because you go out and create demand by co-producing with your customers.

Arne: To be clear, I don't think that the old model is dead. I just think that there is room for a new way of doing business. I think, for instance, if you want to... I don't think the banks at the moment, although they're in trouble, will be gone in a couple of years' time. No, but I think that if you want to start a bank, this is the time, because there is room for new ways of doing business.

Joe: There is room for disruptive models somewhere in there.

Arne: There are lots of opportunities there, so I think that is the fun of it. It's not about the world is going to collapse as we know it, and then something new, everything will be new. No, but it allows all these new ways of thinking and new ways of doing business. It gives it space, and there are oceans out there basically.

Joe: When I think about it, as long as there're customers or as long as there's frustration out there, there's opportunity.

Arne: Yes.

Joe: So I think that's a great thing. Is there something that you would like to add that maybe I didn't ask you about?

Arne: What I do think is important is that Service Design is very new. Not so much designing service, there's nothing new about that. Not the tools or the methods, that's not a new thing. It's the mindset. There is something in that that is quite new, and the people that are involved in Service Design are quite new to it, as well. For a lot of these people, it's a new game. We have seen Service Design in Europe moving from designing touch points very much connected to user experience design to actually change management and changing company cultures.

Now, we are in this moment where we will see a school of thought that says that Service Design is about actually what I would call more the designing of the touch points. In a holistic way, everything is connected to everything, but it is more the outside.

There is Service Design, which is more connected to Service-Dominant Logic. That says, "No, actually you should change the company culture and the way it's organized to be able to design and deliver the services."

Maybe in the future, we will invent new names for them. But this adds to the confusion of Service Design; I think. But that's because it is still very new, and it's still being developed.

It is my hope that we will keep on having this conversation and discussions, and keep on changing it, because, at the very moment that I know exactly what Service Design is; I think it's dead.

Joe: I think that's a great way to put it. How can someone get a hold of you? What's the best way to communicate with you?

Arne: Well, I'm easy to track down. Twitter is always very successful, but you can send me an email to my company, arne@designthinkers.nl. I'm very easily tracked down. LinkedIn, Facebook, you name it; we're all over the place.
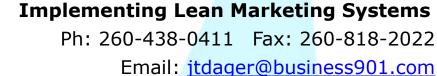
Joe: I would like to thank you very much. I appreciate all your time, Arne, and your great insight. That was a great podcast, and I enjoyed it very much. So I look forward to seeing you out on Twitter more and having more discussions with you in the future.

Arne: Wonderful, thank you.

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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**.

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