Can service be a product?

Offering, selling and delivering services in an industrial scale globally is hard even in today's modern IT-enabled world. Immediately when service complexity and scope increases from a simple IT-platform provided "off-the shelf"-service to more complex, configurable, human expertise requiring service; the quality, volume and margin of the delivery is easily eroded. Configurable service delivery including human intelligence added with pieces of software and tangibles as parts of the delivery locks service providers very easily into a vicious circle of ad-hoc improvisation, quick fixes, one off tuning, endless phone call and e-mail chains as well as overloading the best individuals of the organization.

In industrial manufacturing this kind of operating procedures would not be tolerated.

Then why – what is the reason, why service providers are lagging so much behind the manufacturing industry what comes to production efficiency, automation, repeatability and quality. The reason is very simple and pragmatic - the creation of a service processes has always been so much cheaper than f. ex. setting up a manufacturing line for a car or cell phone so there has been no such burning need to set up the process as efficient as in discrete manufacturing.

It is true that in service business it is more difficult to make prototypes and 0-series or to learn about delivery in high volumes. Also, one of the great challenges related to service, is the creation of a clear and precise service definition. For tangibles it is common practice to use items, drawings and bills of materials. For services there is usually nothing of that sort in terms of precision. Another great service related challenge, is the defining of the service in a way that fits to the same IT-systems, architectures and processes as tangibles that usually should be managed and delivered together with services.

Well, if this is the case, what could we learn from the manufacturing business when re-thinking the service products, making the services more defined, service processes more efficient and less ad hoc; in order to yield better margin, high quality and large volumes?

The solution is to re-think the "product" - start building carefully defined, modular and easily repeatable service products, i.e. industrializing and modularizing services further, making them more product like or tangible. The manufacturing industry has used standard product models (consisting of items, BOM's and drawings) hundred years, since T-Model Ford, to define their

products carefully in all respects and from all necessary views (sales, procurement, production and delivery) needed have high quality, high volume processes in place.The manufacturing industry has realized ages ago that, efficient and IT-enabled management of products cross the entire product portfolio is not possible without a common and standard definition of what is a product and from what entities it is build out of.

When re-thinking services, it is crucial to understand the difference between productization of services for sales and marketing and industrialization of services for efficient, high quality, large volume global delivery. In too many cases good development initiatives fall short and focus entirely on developing the sales side of services i.e. productizing the services for sales and marketing rather than re-engineering them to global delivery also.

Leading service providers have most certainly created number of well-functioning service delivery support systems. However, what the service providers are clearly missing, is the standard definition of a service product in order to be able to modularize the products, manage the complete product portfolio in the same way, being able to compare the performance of various processes, integrate processes end-to-end, standardize the delivery of service products, bundle number of products together easily, use standard IT-systems to support the delivery of the entire service portfolio and so forth.

This is absolutely necessary in order to get closer to the efficiency, quality and volume levels seen in the tangible product industry. In practice this means that the service providers must start industrializing their products i.e. adapting the well thought information model definitions, processes, practices and product definition tools that have been used for some time in the industries that make tangible products.