

Featuring Service Design Paradigm in Small-Sized Service Organisations in Bulgaria

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Abstract. The paper reviews an attempt to delineate a typical service design paradigm followed by small-sized service organizations in Bulgaria. A theoretical model of the Köln International School of Design is represented as a point of reference to conduct further marketing research. In this respect, in-depth interviews with service managers in consultancy-and-training services, meal-kit services, construction and repairs businesses, educational services are carried out. The majority of service managers acknowledge they are weakly familiar with the service design pattern. They agree they do not implement service design paradigm neither formally, nor intuitively, but are concerned to carry out design actions.

Keywords. Service design, KISD model, In-depth interviews, Small-sized service enterprises, Bulgaria.

1. Introduction

Defining the interconnection between the service design and the business model that a service organization utilizes, requires that we elaborate on the context of an investigation of a given service and on its prospects. In the following text, the examination of the investigative context is carried out with the help of research focused on different branches of services in Bulgaria while the prospects of the investigation are derived from the interaction model “client-service” and the service process. The relation “design-business model” is defined as a part of the wider research of the problem, namely as an attempt to establish the possible effects of the service design on the business model, and, respectively, on the market results of a service organization.

The purpose of this paper is to clarify the framework of the construction and components of a service design; the scheme “design-business model” of the service suppliers is also expounded. From this viewpoint, the research results of an investigation of the theoretical knowledge about design of service organizations in Bulgaria and the practical application of this knowledge are summarized, while some of the specific features of the design context in Bulgaria are developed.

2. A Service Design Paradigm

Service design concerns innovations in services. In the service organization the design serves as a strategic process of innovating and as a tactical model for improving the supplied services. The direction of innovation in design is: (1) from the perspective of the client, better utility and more desirability, and (2) from the perspective of the organizations – unlocking business value. The value of design comes from top management rigor, company-wide teamwork, rapid iteration, and relentless user-centricity [6]. Service design is a relatively new, holistic, multidisciplinary and inclusive field of knowledge [5].

Service design is a realm in which complex and interactive experiences, processes and systems are developed, all of which have to do with the realization of the “client-service” interaction. The design process is multidisciplinary as it involves the competencies of experts in related fields and the competencies of the participating clients. Special procedures, instruments and methods are applied in the process [4].

Service design involves the management from the functional fields of marketing, research and design as well. It acts in a holistic way as an interface, which connects clients and service suppliers in a new way. In particular, it has a different approach to the relationship between organizations and clients. The role of design here is to “nurture” relationships by creating meaningful and innovative experiences for service clients [5]. This role of design is increasingly becoming an object of inquiry by the academic community. Research expands in the direction of how strong companies are at design and how that links up with their financial performance [6].

In the process of designing the service, the role of the consumer changes the most. Designers no longer make him into an object of observation, nor do they examine him from the viewpoint of his desires and needs. The approach in the actual contact with the consumer also changes – designers try to encourage his participation in the service. Through the concept of participation in the service, they develop ways to allow the consumer to represent (serve) himself or to experience the service [1]. Such an interface of the service is precisely what confirms the inclusion of the consumer in the process of design. This is why service design today conforms to the client-oriented paradigm, while designers accept the client as a part of the project and collaborate with him [4].

As a multidisciplinary platform for expert evaluation, service design is becoming a constant process of renewing the interaction “client-service”. It is an activity of working out the components needed to include organizations to new practices of services. In other words, service design adjusts itself to organizations and their needs, and turns itself into a process of planning, while the design becomes a formal part of business structure.

The *Köln International School of Design* (KISD) advances a general model for service design [5]. According to this model, service design is a “mediator” between organizations and clients. Design increases the output of organizations by working on the efficiency of their services and by increasing the level of satisfaction of their clients, while enhancing the usefulness, utility and desirability of the services. The KISD model demonstrates how service design could study the organization, look into its resource security, and uncover its limitations and the context in which it is competing. The context of the organization consists in its workers, possible suppliers, key partners, competition and a corresponding technology. By following the model, service designers penetrate the needs of the clients and of the market, and develop prognoses and insights based on the information they have attained. The service design also explores the client context, namely: the market wherein the service provider is working, the community, society, politics, economics and development tendencies.

The model is based on the idea that the design helps managers in business organizations develop marketing strategies and the service in general. It advises them how to develop technological solutions, to shape the service process and to compile the necessary leadership. Design changes the culture an organisation– it derives its meaningfulness from the service, focuses on the client and orients itself towards innovation. Design nurtures talent in its employees as a permanent component of the service enhancement. The service enhancement only becomes possible when the design shapes all interaction phases between the service and the client in order to improve the overall service experience. By boosting the relationship between customer and organization, design makes the affinity to the brand increase. Using the model, service designers control the feedback and encourage the integration of people – from

the organization and the clientele – into the process of designing. The model shows how design acts as an interface. It works both with the prospects of the organization and with the perspective of the client – from studying the needs and behaviour of clients to developing projects and realizing the service they require.

3. The Contextual Service Design Paradigm in Bulgaria

The necessity of clarifying whether service design is an active paradigm in Bulgaria, as well as the need to explore the context of service design, presupposes the exploration of business from different service branches.

Formulative program of research: Companies, which have accepted to partake in preliminary questionnaire to the study concerning the particularities of service design in Bulgaria, embrace the areas: a) professional and consultant services, b) retail services in the food sector, food deliveries, c) restaurants and hotels, d) construction – repairs, interior design e) education and professional training [6]. The particulars of the marketing study have necessitated the preparation and conduction of in-depth interviews with service managers in Bulgaria. The study provides guidelines for the interview, including a general questionnaire with the main conversation topics presented as open questions. They are based on the topics of: 1) theoretical knowledge and practical usage of the service design paradigm; 2) process and ways of application; and (3) specifications and problem areas in service design or model application in service management. Seven managers were interviewed in personal meetings, while three of them expand on the factual activity of marketing service management with the help of a design. In the interviews, specific questions were posed regarding the purposes of service design in Bulgaria.

Summarizing the results of in-depth interviews: Knowledge and application of the service design paradigm in Bulgaria is relatively small in scope. From a formal, theoretical point of view, the topic is unrecognizable and unknown to the respondent service managers. The prevalent opinion is that, on the one hand, the topic is not exclusive to the academia; that is, according to the service managers, the service design paradigm has been practised and disseminated from companies with a consultant profile, which conduct practical training of their clients in the field of service design. On the other hand, according to the interviewees, the working paradigm in Bulgaria is defined either by the adapted market models of service management, or by those, which have been shaped by the scale of a particular business.

According to all interviewed respondents, very often, the accommodation of the service design is not understood in light of the service process as an element of its marketing mix and it is not strictly defined or observed as an integrated marketing management activity from the service organisation. In essence, the service process is a component of design and its function is to illustrate the interaction “client-service”, respectively, “client-employee”. In this respect the respondents recognize the idea of service process in some of its contemporary treatments with regard to modelling client experience: as “customer experience journey mapping” and “employee experience journey mapping”. While commenting on the paradigm of service design, service managers – especially in micro-enterprises or small companies – said that they rarely use specialized studies and rely mostly on “experience” and data from particular clients. Thus, design paradigm would seem discredited, as there is often a lack of adequate studies and data for the market and consumer behaviour. Service managers, however, demonstrate optimism that the weight of opinions and signals from active or previous clients could be used for the purposes of a design and even show conviction that this is the case. After service design was conceptually explained to the respondents, they found out that they intuitively use some techniques and aspects of the service design paradigm. According to them, their “interface” is commonly based on “experience” or “common sense”.

Accepting the specifications and problem areas of service design, respectively in the application of a management model for services, the respondents are unanimous that there is *very often* a lack in effective communication between departments and between specialists in the service organization. Two of the respondents state that “true” multidisciplinary approaches are also rare in applying the service design paradigm.

Managers identify the so-called “following” of market behaviour as a typical problem in design paradigm in Bulgaria. The respondents acknowledge that the competition is crucial for the marketing service management but in place of an attempt to “outplay” the competition, a common practice is the “reproduction” of business practices, product categories and effectiveness, comparable to those of the close competitors and the competition leader. The competitor is being followed without detailed market research or a clearly defined marketing strategy. In order for the client to be won over, a situation from the type “everyone does everything” emerges, in which this *everything-doing* can include subcontractors or suppliers.

The specific character of the service design paradigm in Bulgaria consists in the policy according to which every possible redesign or change in the service is actualized in the course of its provision, with frequent feedback from the client or feedback based on indicators for effectiveness (i.e. number of services). Another particularity of the design is that service managers attach great importance to market trends, such as automation of services, increase in the participation of the client in the service, self-service, “all-in-one” service, integration of services, “door-to-door” delivery, the idea of “green” services, inclusion of bio or organic products, bringing services up-to-date with the help of modern technologies for communication, video-surveillance and tracking.

4. Discussion

Considering the above leads us to the possibility of developing models of corporate sustainability. Firstly, it would be more appropriate to consider the company as an autonomous system. This means not paying attention to management impacts. In this case, the conditions of the organization (stable or unstable) are considered as a set of possible conditions. The main task is to assess the effects that lead to a certain condition. Choosing two relevant indicators to characterize the organization’s activity, their impact on the corporate sustainability can be addressed through a system of two ordinary differential equations. These variables can be investments and amount of dividends paid, costs of attracting new customers and costs of retaining existing customers, and more. They allow us to build a model for corporate sustainability and the organization is considered an autonomous system. After summarizing the results of the in-depth interviews with service managers, the study attempts to grasp the overall picture of service design in Bulgaria along with its most pertinent features. As a rule, managers have a vague knowledge of the design paradigm. They have not really integrated it into their work and have not perceived its format as a basis for service management. On their part, they tried to understand the paradigm and to compare it to their own work methods, commonly pointing out that they are applying its normative and procedurally substantiated equivalent. On the other hand, the representatives of small businesses in the service sector build and manage the service interface intuitively, based on their “experience” as participants in the market – even if this is a result of a trial and error-based approach or imitation. Regardless of their previous knowledge of the paradigm, and regardless of whether they work with an analogous market approach, all respondents show vivid interest in service design and the solutions to key challenges, the profitability of the activity and the improvement of results. Managers are interested in whether the goals of service design are related to the business model of the service organisation.

As we conclude the exploratory stage of the academic study, which concerns the

particularities of the service design paradigm in Bulgaria as perceived by service managers and in the specifically Bulgarian context of its application, there is another important topic to be discussed. We can convincingly say that there are three groups of persons concerned by the problems of service design in Bulgaria: the service managers of a high or middle level of management, managers of consultant companies in the field of service design, and the academic staff of a higher education institution, that is, “service suppliers – consultant business – academy”. After conducting the in-depth interviews with service managers, managerial consultants in service design have also been interviewed in an open conversation. General questions have been discussed, concerning the place of the consultant business as service designer in Bulgaria and its role in the educational service in general. Similarly to the unfolding of digital marketing and its following endorsement as an academic discipline in Bulgaria, business is crucial to service design, as it succeeds in building the necessary infrastructure and ecosystem for the practical execution of design paradigm.

It turns out that, on the one hand, business in the service sector in Bulgaria – whether driven by successful adaptations of models for service management, or compelled by the influence of market context, or simply due to inertial movement – is contained outside of the service design paradigm. On the other hand, consultant business is acquiring market power in nurturing and applying the design paradigm. Meanwhile, higher education is studying the capabilities and problems of the design paradigm, but without a lucid academic research profile and without a clearly defined role in the exercise of the paradigm.

5. Conclusion

Service design paradigm is still not sufficiently acknowledged by the business in Bulgaria, in order to be widely used or integrated – especially in micro-enterprises, small or start-up companies. Currently, managers rely on expert opinions and partial analyses for service modelling. Given the stable market trend in the transition from “product” to “service” in all sectors of the economy, there is a growing need for better knowledge and application of the paradigm – this holds especially for traditional services such as education and tourism. Parallel to that, the service organisations attach great importance to the market trends and to feedback from interested parties, and try to adapt the offered services to the needs and the dynamics of the market in a more intuitive, but also flexible way.

Regarding education, we can draw the conclusion that it is necessary to introduce and use the methods of service design *adaptively* (i.e. towards a particular micro-group or a particular consumer – trainee or student) and *dynamically* (with constant feedback) in using the contemporary technical means and information. The redesign of the educational service in higher education must be based on approved methods and adequate research concerning the possibilities, needs and goals of the participants (including those of the students, or of the business). In addition, ways must be found to stimulate the wider training in service design through working on projects or internships.

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