Building a Service Value Network

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[ ] add Density discussion (see Sampson-on-Norman-Ramirez-14.pptx)
rework slides from Sampson-2013-05-POMS-Healthcare-process-analysis.pptx
Changes in the competitive landscape

Old view

Firms competing against firms.

Products competing against products.

New view

Supply chains competing against supply chains.

Service Value Networks competing against Service Value Networks.
Supply Chains

“Supply-chain integration!”

![Supply Chain Diagram](image)
Advantages of Supply Chain integration

System optimization → greater process efficiency

Shared competencies → greater range of value offerings
Integration
Supply Chain

Suppliers' Suppliers → Suppliers → Focal Firm → Customers → Customers' Customers

“upstream suppliers” → “downstream customers”
Supply Chain

“upstream suppliers”

“downstream customers”

Suppliers’ Suppliers → Suppliers → Focal Firm → Customers → Customers’ Customers

oven manufacturer → oven dealer

wheat farm → flour mill

sugar plantation → sugar refinery

baked goods → retailer → consumers

baked goods

Building a Service Value Network
Supply Chain
Supplier integration

Supply Chain integration
Supply Chain Integration

portable media case study revisited

(from servitization chapter)
Portable Media Case study A

1998 - introduced the first commercially successful MP3 player
Portable Media

March 2003

Diamond Multimedia

filed bankruptcy

No Supplier Integration

napster
Portable Media Case study B
Portable Media Case study B

January 2001 – introduced iTunes

October 2001 – introduced iPod

May 2001 – opened Apple Store

April 2003 – opened iTunes Store

integrated offering
The Apple Value Network

“prime mover?”

Integrated offering!
The goal: Increased density

G. McFly
Density

• “a measure of the amount of information, knowledge, and other resources that an economic actor has at hand at any moment in time to leverage his or her own value creation.” (p. 69)

• “Value has become more dense in that more and more opportunities for value creation are packed into any particular offering.”

Source: Norman and Ramirez, 1993, HBR, Designing Interactive Strategy: From Value Chain to Value Constellation
Thneed

• A Thneed's a Fine-Something-That-All-People-Need!
• It's a shirt. It's a sock. It's a glove. It's a hat.
• But it has OTHER uses. Yes, far beyond that.
• You can use it for carpets. For pillows! For sheets!
• Or curtains! Or covers for bicycle seats!
Dense offerings
Achieving Density

Service Value Network
Service Value Network
Provider Integration
Case Studies

1. ASDA
2. Real estate
3. Healthcare
Provider Integration

Branded services at ASDA
Example

finding old friends

Example from W12 MBA students: Hayley Dredge, Jordan Ellingson, David Peterson, Maria Tedjamulia
Supply Chain paradigm

Task: finding an old friend
Service Value Network paradigm

Integrated offering!
Provider Integration

Real estate
Realtor Service

Realtor value proposition:
1. Needs analyzer
2. Information gate keeper
3. Listing up-seller
4. Closing assistant
Realtor Service Value Network

Realtor value proposition:
1. Identify customer needs.
2. Enable the service value network.
3. Fill in the gaps.

Building a Service Value Network
Realtor Service Value Network

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Unmet needs?

“prime mover”

Building a Service Value Network
Provider Integration

Healthcare
Healthcare Service Value Network

The $64,000 question…
Who is responsible for process integration?
Building a Service Value Network

healthcare example

from Sampson-2013-05-POMS-Healthcare-process-analysis.pptx
Healthcare relationships

Service provider: Lab

Service provider: Physician

Customer: Patient

Body and symptoms

Analysis report

Patient’s blood and urine

Service provider: Healthcare specialist

Buyer: Primary care physician

Customer: Patient
Healthcare Service Value Network

Provider: Primary care physician
Provider: Healthcare specialist
Provider: Nutritionist
Provider: Insurance company
Provider: Gym
Provider: Pharmacy
Provider: Physical therapist
Provider: Fitness trainer

Customer: Patient
Healthcare

Primary care physician — treatment

symptoms

Patient
Interactive processes

Primary Care Physician

- Discuss symptoms
  - Requires specialist?
    - Yes
    - Process prescription
    - Send records (to specialist)
  - No
    - Annotate records

Patient

- Travel to clinic
- Health problem
- Call
- Schedule appointment (with specialist)
- Provide referral
- Send records (to specialist)
Complex patients (comorbidity)

Integration?

Primary care physician

Patient

Health care specialist

- Psychologist
- Cardiologist
- Oncologist
- Pulmonologist
- Respiratory therapist
- Endocrinologist
- Dietician

referral
symptoms

symptoms
treatment
Interactive processes

**Primary Care Physician**
- **Dir.**
- **Sur.**
- **Ind.**
- **Sur.**
  - Discuss symptoms
  - Process prescription
  - Send records (to specialist)
  - Annotate records

**Patient**
- **Dir.**
- **Sur.**
- **Ind.**
- **Sur.**
  - Travel to clinic
  - Health problem
  - Requires specialist?
    - No
    - Yes
      - Provide referral

**Healthcare Specialist**
- **Dir.**
- **Sur.**
- **Ind.**
- **Sur.**
  - Receive patient records (from PCP)
  - Schedule appointment
  - Discuss symptoms

**Patient**
- **Dir.**
- **Sur.**
- **Ind.**
- **Sur.**
  - Travel to clinic
  - Call
  - Follow up with PCP?
  - Gather test data
  - Provide treatment

**Process fail points?**
Patient-transportation provider process

Transportation Provider

- Dir.
- Sur.
- Ind.
- Sur.
- Dir.

Provide schedule

Look up transport providers

Transport patient

Patient

- Dir.
- Sur.
- Ind.
- Sur.
- Dir.

Look up schedule

Look up transport providers

Board transport

Primary care physician

Healthcare specialist

Patient

Public transportation provider

Coordination

Follow-up report?

Referral

Symptoms

Treatment
Customer as integrator

Primary care physician

Patient

Health care specialist

referral
treatment

symptoms

report

symptoms
treatment
Physicians as integrators

Primary care physician → Patient → Health care specialist

- Referral
- Symptoms
- Treatment

Review case
Alternate system design

Diagram showing the interaction between primary care physician, care coordinator (CC), public transportation provider, and healthcare specialist. The diagram highlights patient referral, follow-up report, patient needs, coordination, symptoms, and treatment as key points of interaction.
Formal integration

- Primary care physician
- Care Manager (RN)
- Health care specialist
- Patient

Referral, treatment, symptoms, transport provider connections.
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Building a Service Value Network

1. Primary Care Physician
   - Dir.
   - Sur.
   - Ind.
   - Sur.

   discuss symptoms
   process prescription

   no
   requires specialist?

   yes
   provide referral

   process referral

   notify (3:CC)

2. Patient
   - Dir.
   - Sur.
   - Ind.
   - Sur.

   travel to clinic

   health problem

   (with 4: specialist)

3. Care Coordinator
   - Dir.
   - Sur.
   - Ind.
   - Sur.

   review referral
   (from 2:PCP)

   A/3

   schedule (2:patient) with
   (4:specialist)

   review patient situation

   notify (3:CC)

4. Healthcare Specialist
   - Dir.
   - Sur.
   - Ind.
   - Sur.

   discuss (with 2: patient)

   A/4

   schedule (2:patient)
   follow-up visit with
   (1:PCP)

   discuss (with 2: patient)

   yes

   needs PCP follow-up?

   yes

   transport need?

   yes

   schedule transportation
   (with 2:patient)

   transport (1:patient)

5. Transportation Provider
   - Dir.
   - Sur.
   - Ind.
   - Sur.

   pick up (2:patient)

   transport (1:patient)

Three-way innovation opportunity

and so on
Triadic process innovation

**Base configuration**

3 Care Coordinator

- Dir.
- Sur.
- Ind.
- Sur.

**Innovation A**

- identify available times for (2:patient)
- notify (2:patient) of time via email
- schedule online with (4:specialist) on behalf of (2:patient)

**Innovation B**

- notify (4:specialist) about need to see (2:patient)
- call (2:patient)
- schedule with (2:patient)

4 Healthcare Specialist

- Dir.
- Sur.
- Ind.
- Sur.
- Dir.
Summary: Building a Service Value Network

1. Understand customer value
   • understand customer needs
   • including related needs outside of your process domain

2. Determine resources to satisfy customer needs
   • my organization’s resources
   • customer resources?
   • other organization’s resources?

3. Design an integrated system
   • redesign the process
   • develop relationships
   • provide an integrated customer experience