

# Chapter 18

## Service Blueprinting as a Failure Elimination Tool in the Case of Outsourcing Services

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### ABSTRACT

*This paper applies the service blueprinting method as a tool that can produce a systematic description and analysis of an industrial outsourcing service process. The key objective is to characterise critical incidents and potential failure situations from the service provider's perspective. The main benefit of the service blueprinting technique is that it makes the service provision process, failure situations, and relevant actors systematically visible. In this regard, it facilitates more detailed analysis and reveals opportunities for service improvements in the context of industrial outsourcing services. Suggested improvements can facilitate service process improvements that strengthen businesses competitiveness in the marketplace. The analysis also yields more specific suggestions for improvements.*

### INTRODUCTION

Outsourcing is an important trend across the industries (Deepen, 2007; McIvor, 2005) and it represents a major source of new service activities. Outsourcing refers to the sourcing of goods and services previously produced internally within

the sourcing organisation from external suppliers (Kehal & Sing, 2006; McIvor, 2005). Outsourcing is not only a straightforward financial or purchasing decision for the organisation. In many cases, outsourcing constitutes a major strategic decision that has implications for the entire organisation (McIvor, 2005). It often involves also the transfer of both people and physical assets from the client organisation to the service supplier. In addition

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to trimming of manufacturing costs, there are several other reasons that can be recognised as drivers of outsourcing. These include increasingly demanding customers, advances in technology and new forms of competition (Bitner et al., 2000; de Brentani, 1995; Lovelock et al., 2001; Wymbs, 2000) that are driving the development of innovative outsourcing services. It is argued (Fährnich & Meiren, 2007) that differentiation through innovative service offering is developing into a unique key selling point that can distinguish manufacturers from their competitors. At the same time, many businesses realise that their present structures and processes are not ideal for developing new services efficiently and positioning them in the marketplace (Fährnich & Meiren, 2007). Typically the roots of such difficulties are related to the fact that the services offered by the suppliers are not clearly defined on the basis of client needs, and there are no clear descriptions of what the service entails or of the relevant processes and the resources required (Bullinger et al., 2003).

This paper provides new insights into the discussion on new service development in the outsourcing context. It outlines a systematic way to define and describe the service provision process in the case of outsourced industrial services. In particular, it identifies and analyses critical points of failure in the outsourcing service process and proposes improvements accordingly. Although the paper is written from a service provider's perspective, customer viewpoints are essential in drawing conclusions from and clarifying empirical implications of the analysis.

Complexity of industrial outsourcing services provides a fertile ground for the utilisation of different types of tools and methods in the process development. In this paper the service provision process in the context of industrial outsourcing is described and analysed systematically with the help of the service blueprinting method originally introduced by Shostack in 1984. Essentially service blueprinting is an analytical visualisation tool for service concepts and processes and, therefore,

it provides a solid basis for process development that takes customers' as well as service providers' perspectives and interests into consideration (Fliess, 2006). It portrays the service system and its processes chronologically by depicting each step of the service delivery and the activities in the customer-contact points as well as backstage activities and further supporting service elements (Shostack, 1992; Lovelock & Wright, 2002). Blueprinting is capable to structure all activities of the service process according to their degree of customer proximity and customer integration or the degree of co-production (Bowen, 1996; Grönroos, 1990). Such new knowledge helps a service provider to develop the existing processes and their competitive positioning on the marketplace.

*The Theoretical section* of this paper provides an introduction to the conceptual issues around services outsourcing and the blueprinting technique. The *Results and discussion chapter* first defines the interactive provision process of industrial outsourcing services, then determines the points of failure from the provider's perspective and finally provides suggestions of improvement. *Concluding remarks* summarise the critical incidents and failure situations and outline proposals for improvements to the existing process.

## **Methodology**

This analysis consists of two industrial outsourcing cases based on the in-depth data acquired in 35 personal interviews conducted in the supplier business and in its client firms over a period of three years. During this time researchers were able to develop deep insight into the case business and its service processes.

In particular, the purpose of these interviews was to define the provision process in the industrial outsourcing context to be able to find out the points of failure from the service provider's perspective. Industrial maintenance and energy efficiency services provide the empirical context for the analysis. A large corporation that

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