

# Service Innovation and Business Modelling

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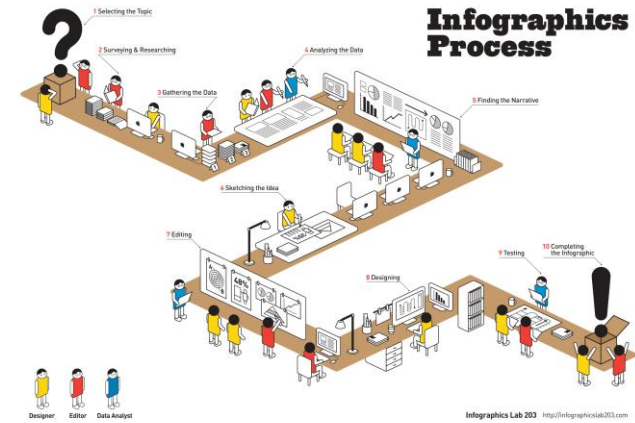
*Connected Thinking!*

# Introduction

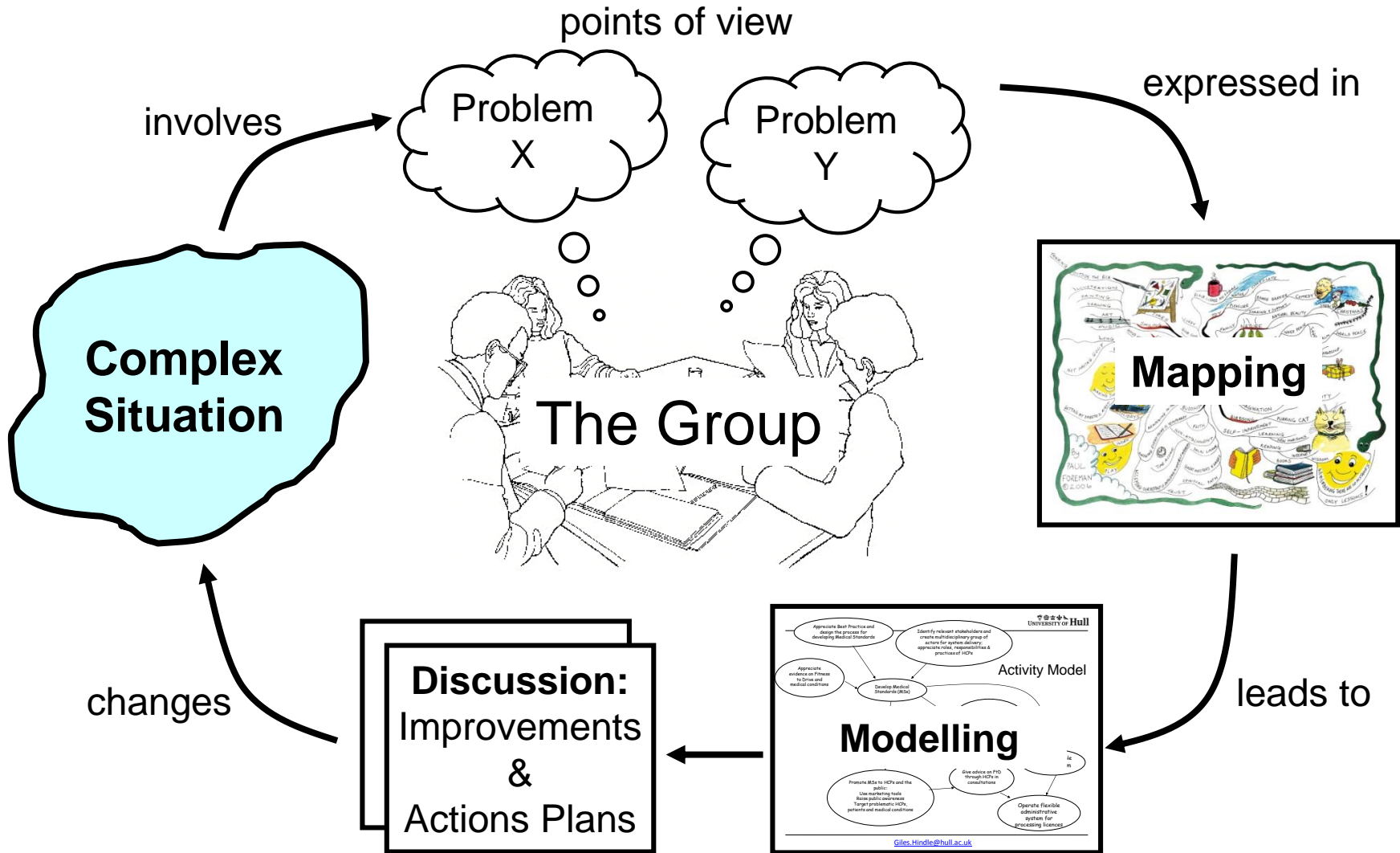
- The focus of this presentation is on **design** using soft systems methodology
- This presentation will:
  - Outline the approach I take to design
  - 3 Step Process:
    - Situation Mapping
    - Systems Modelling
    - Action Planning

# What are we innovating?

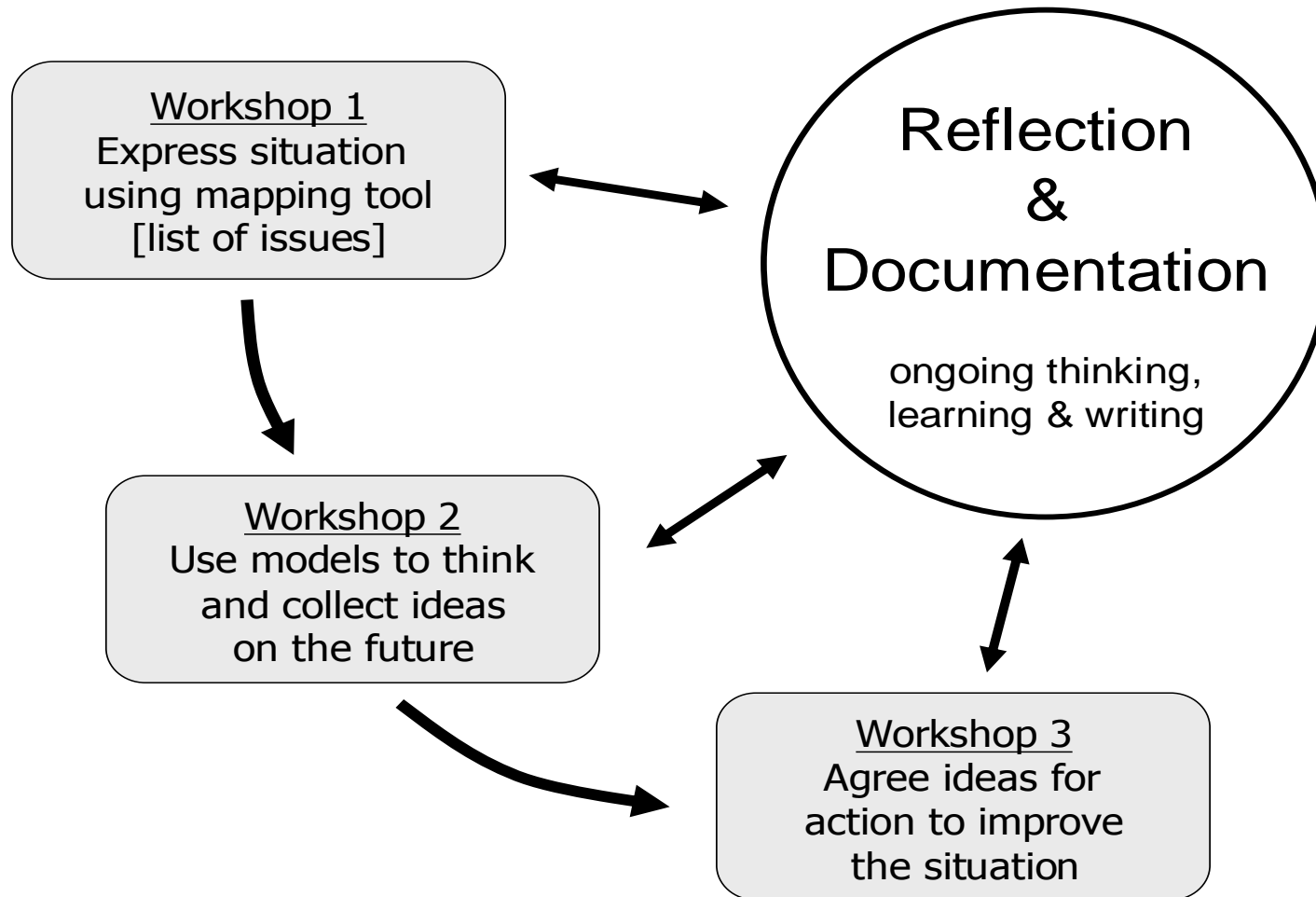
iPad  
with Retina display



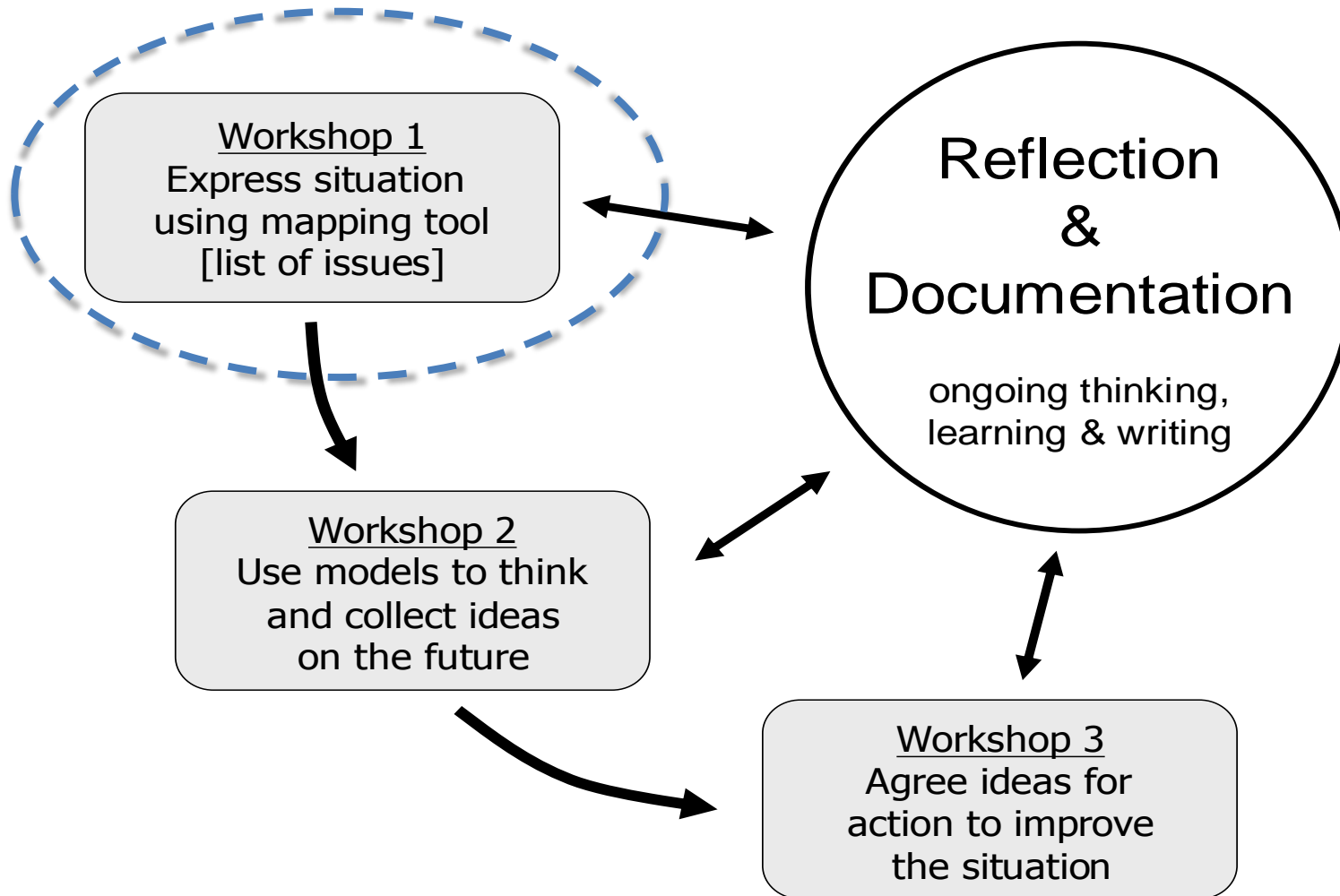
# Logic of the Systems Approach



## Typical Format for a project



## Typical Format for a project

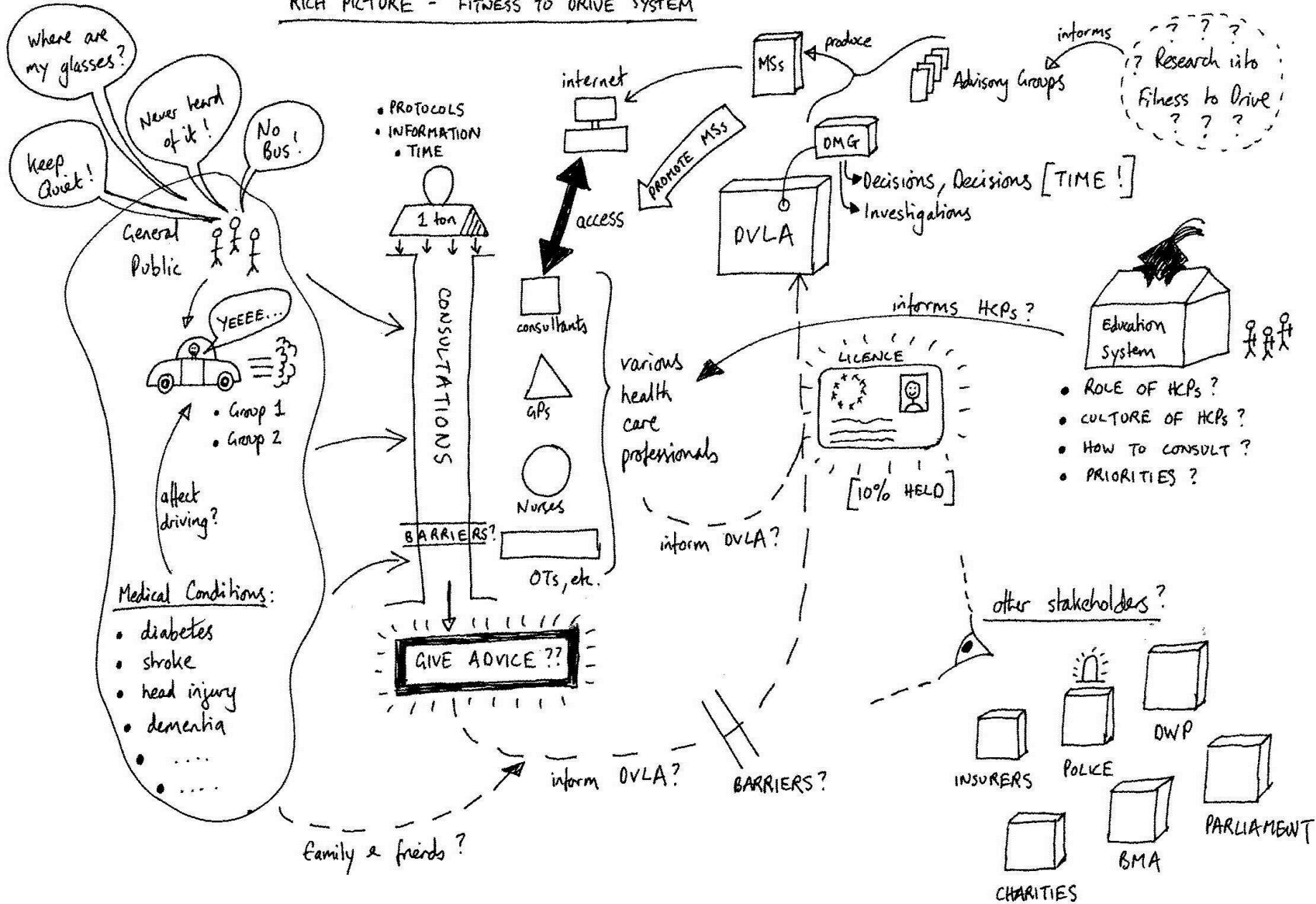


# Workshop 1 – Situation Mapping

- Freehand drawing of the situation on a white board
- Objective is to let people **express** their views and identify key **issues**
- Key is to **step back** from the situation
- Format will depend upon the size of the group and the culture of the organisation
- Value of this phase can be underestimated by participants



# RICH PICTURE - FITNESS TO DRIVE SYSTEM





RICH PICTURE - LSB 30/11/04

Low Sizergh Brand

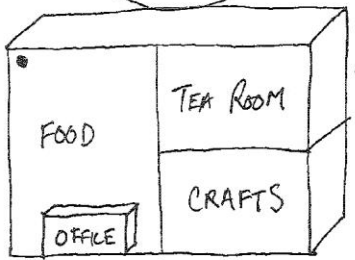
Alison

farm trail

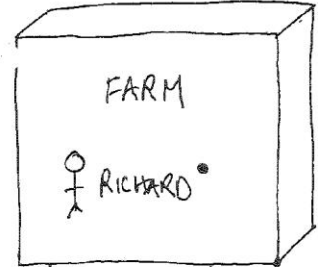
- PRIMARY BUSINESSES?
- RETAIL
  - TOURIST ATTRACTION
  - HOSPITALITY
  - MILK PRODUCER
  - FOOD PRODUCER

COMPETITION?  
CUSTOMERS?

Margie

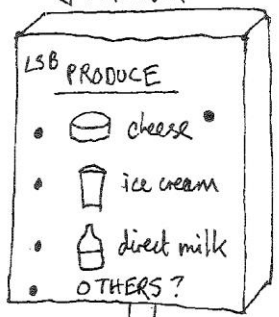
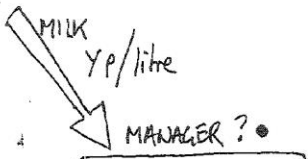
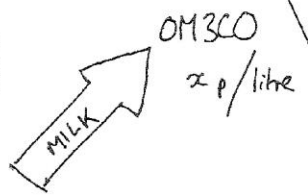


MILKING



- HORSES
- ORCHARDS
- HENS

John

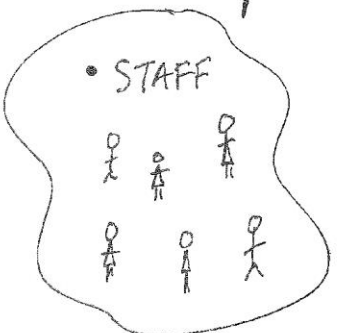
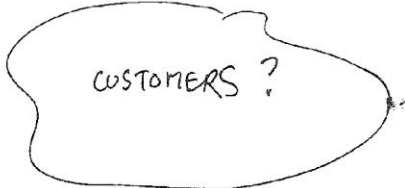


?  
70% Regular  
30% Tourist



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  - o v
- HORTICULTURE PROJECT

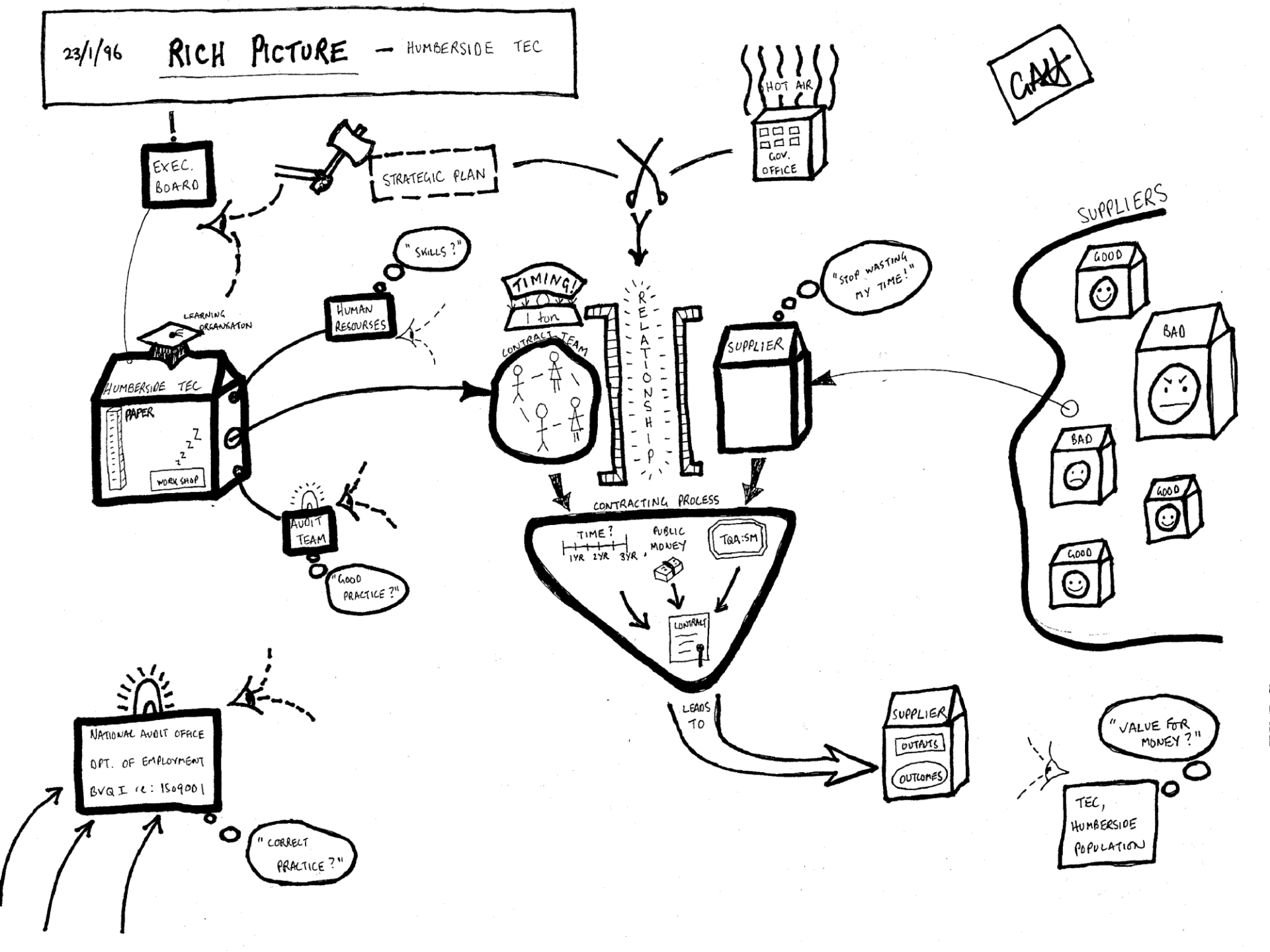
FUNDING



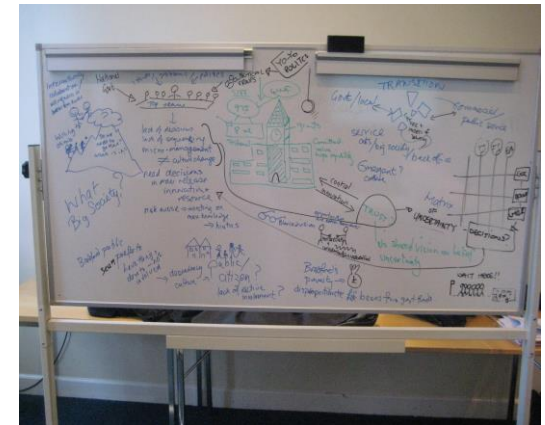
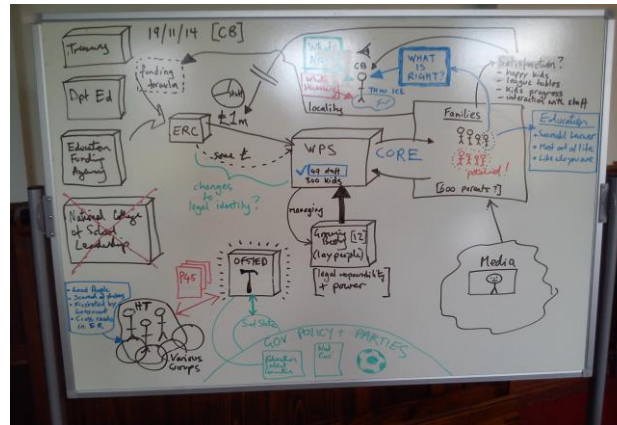
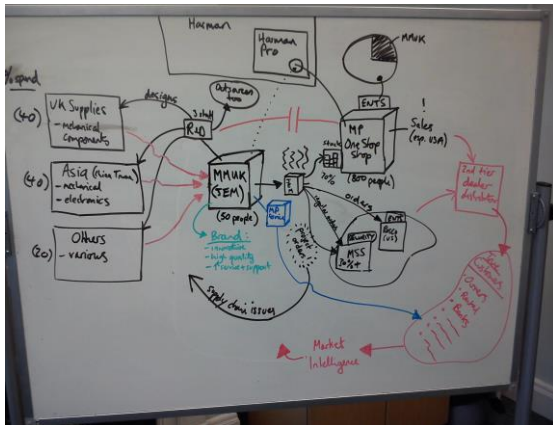
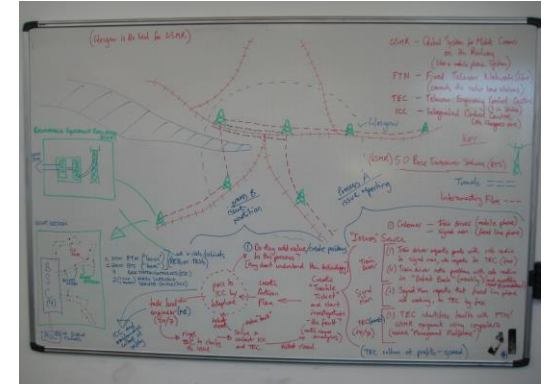
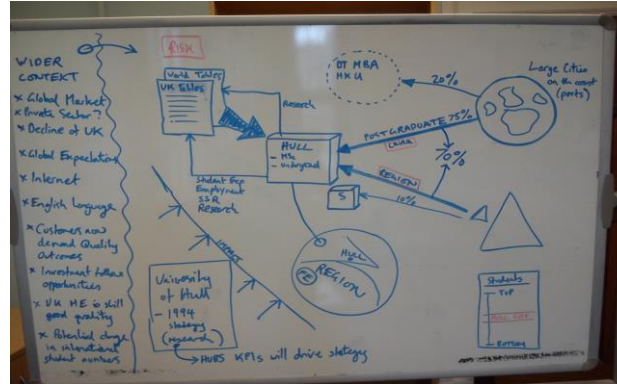
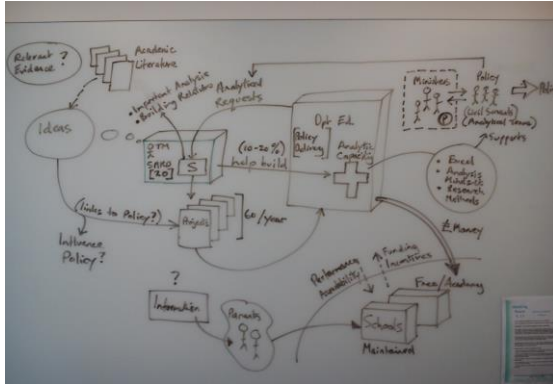
A590

23/1/96

# RICH PICTURE - HUMBERSIDE TEC



# Useful Tip – Interview the Client Contact Initially



2-3 hour session for analyst to appreciate client's situation prior to workshop

## Workshop – participants leading the mapping

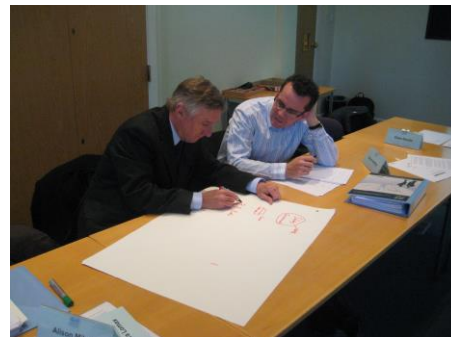




# Workshop – participants leading the mapping

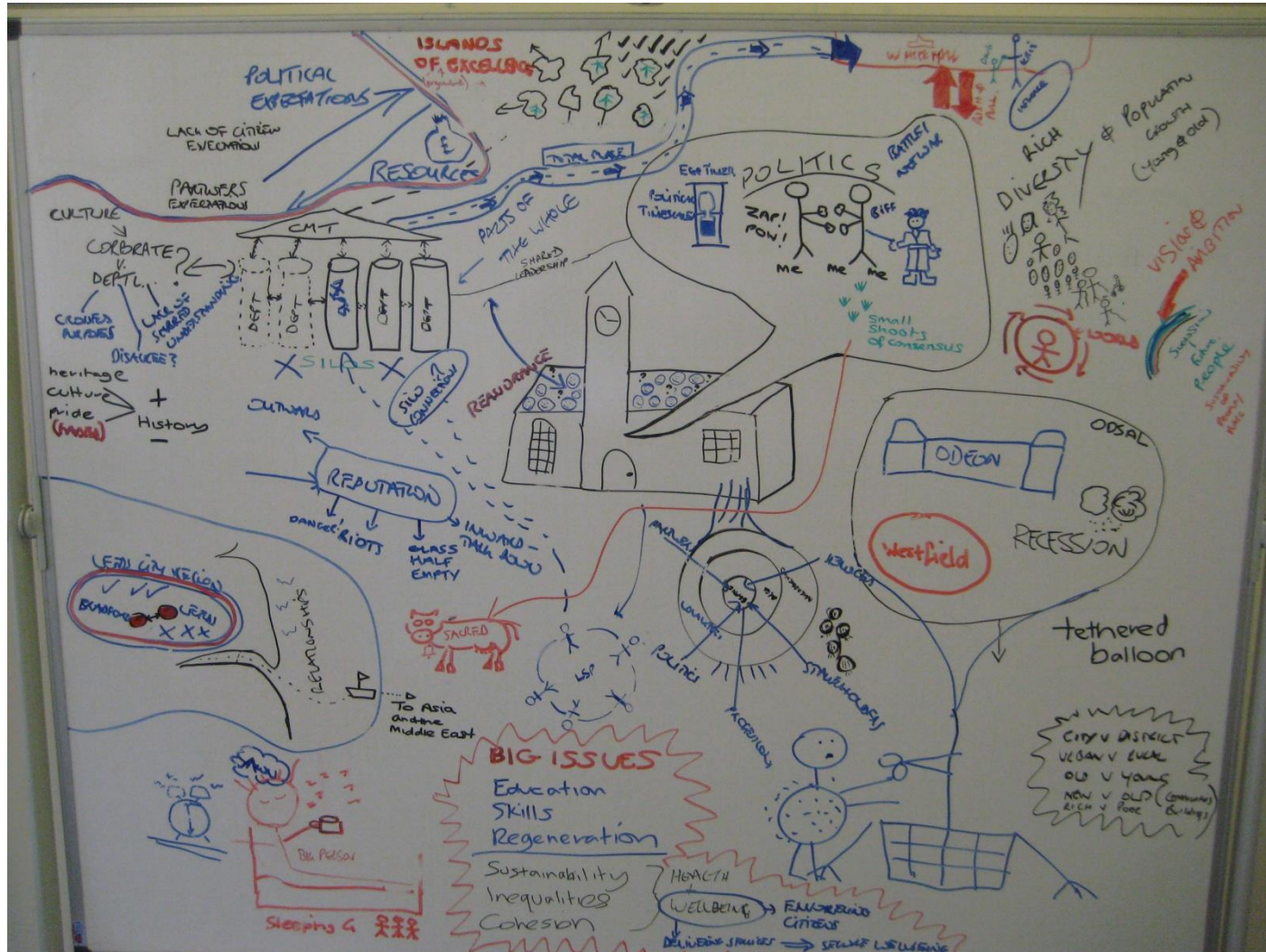


# Workshop – participants leading the mapping





# Photo Evidence of Rich Picture – 4 participants



## Decision Time?



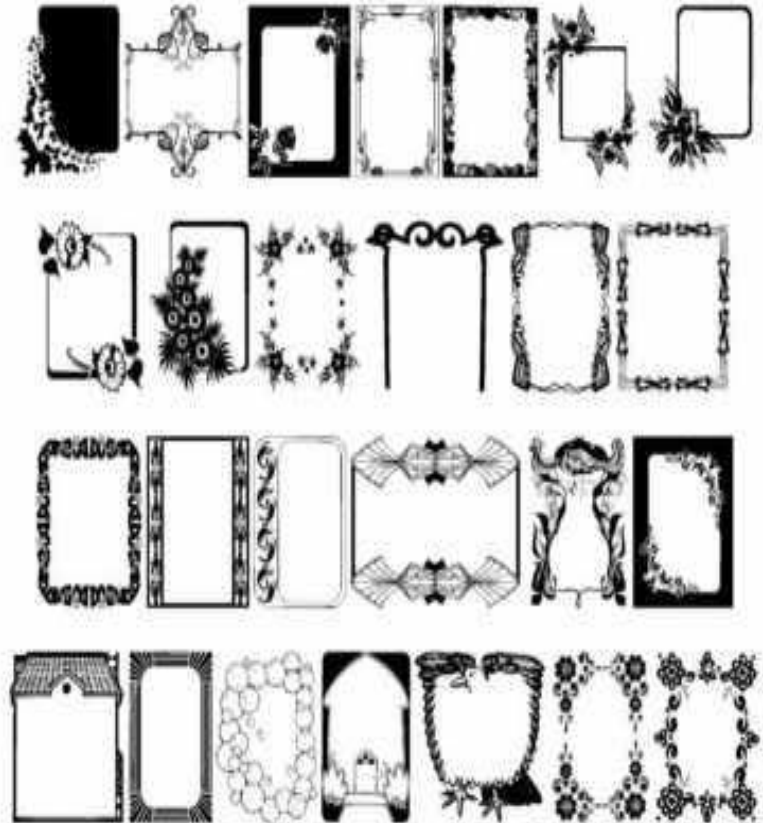
Project team  
are often faced  
with a range  
of options

There may be  
confusion and a  
desire to take  
immediate  
decisions – *resist!*



# Our Frames...

- Determine what we see, our approach to problems, our ideas for solutions
- We need a way of examining the situation and the frames of the participants
- Communication occurs both implicitly and explicitly
- **It's difficult to examine your own frame – *people need tools!***



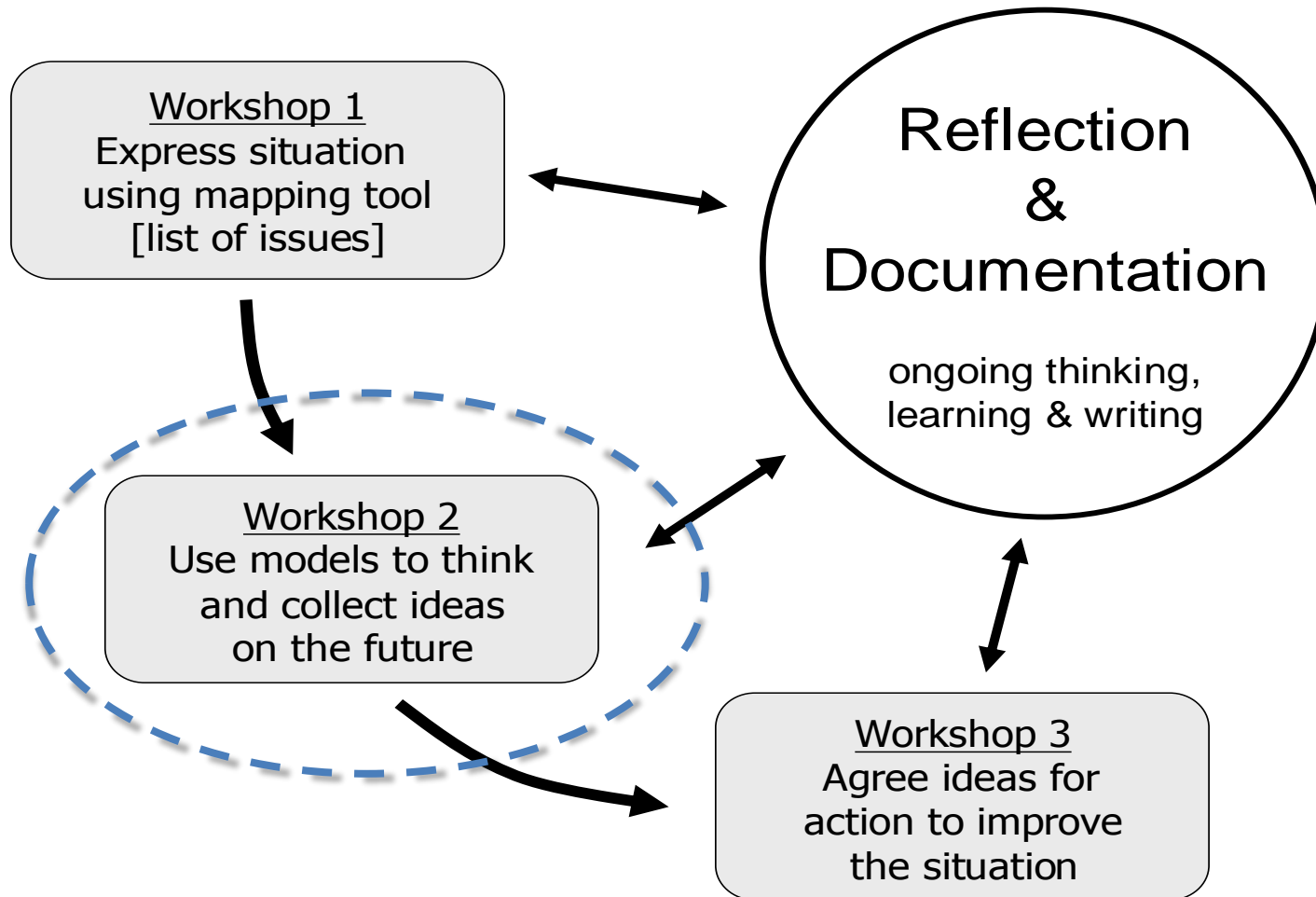
Mapping Workshop Principle 2



Holistic thinking can help see patterns in the big picture



# Typical Format for a project



# All Design Processes Use Models



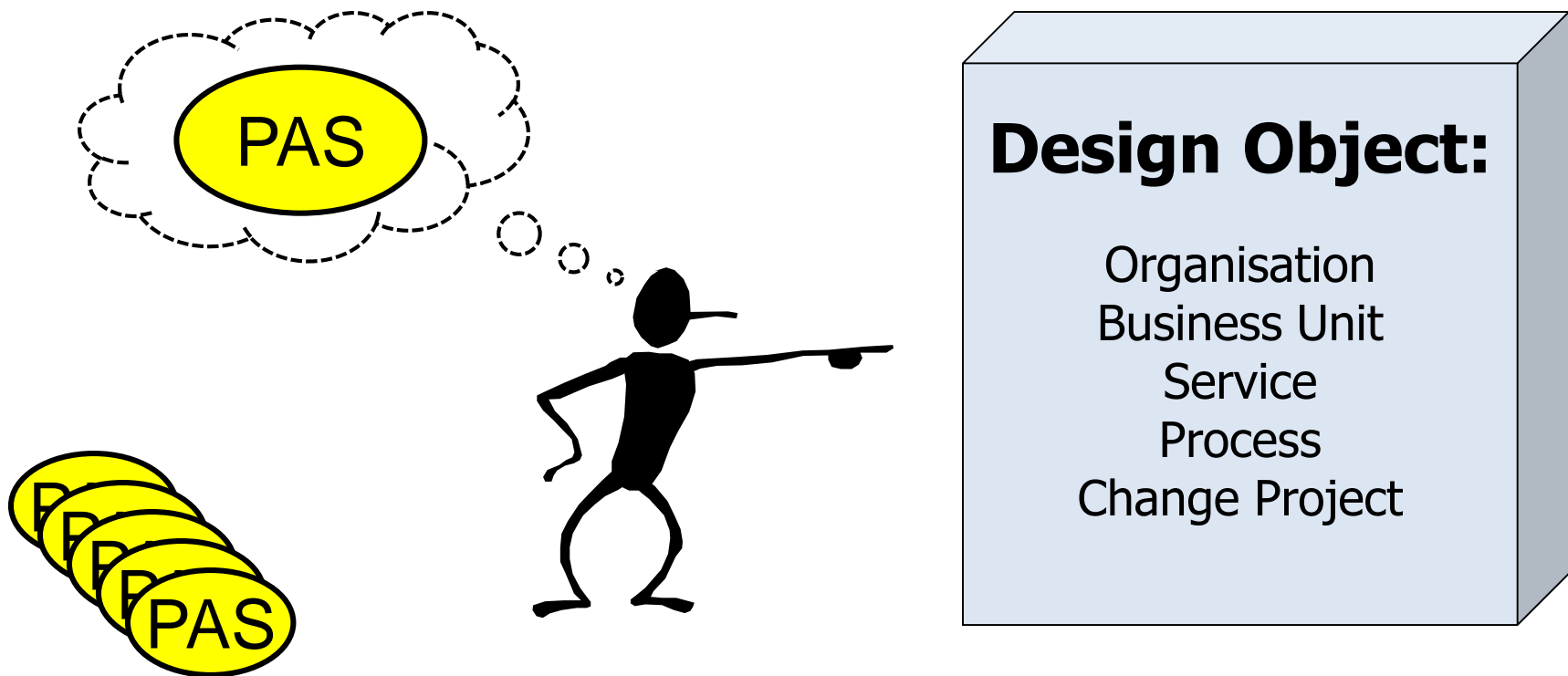
Designers use **models** to help develop their ideas. These help to:

- conceptualise the design object – the “design concept”
- visualise new ideas
- communicate ideas with team members
- work through the implications of ideas – the details

**We use the same approach, but our design objects are more complex!**

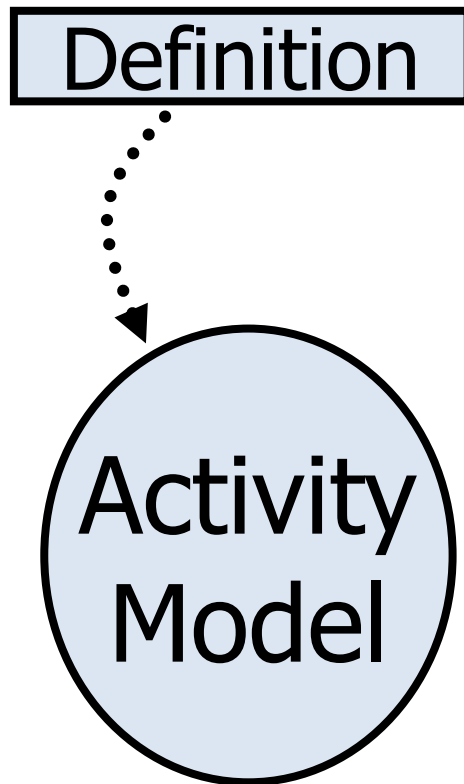
## Workshop 2: Purposeful Activity System Concept

Descriptive [now] — Creative [innovative]  
←—————→  
spectrum of use





# Articulating the PAS Concept



Our definition details the **identity** of the system:

1. What the system does (operational purpose)
2. How the system does it (the means)
3. Why the system does it (strategic purpose)

Our model details the **activities** the system needs to do

## consolidate process with clear definition

A Business Unit which sells high-end food and craft goods and deliver a unique / authentic shopping experience  
by operating a single retail outlet within a farm site  
in order to generate profit, maintain position in local retail market and maintain the company ethos of quality, local produce, organic production

Operational purpose  
[what]

Business model  
[how]

Strategic purpose  
[why]

**Notes:**

- The ethos and shopping experience had to match the branding of the business as a whole; including both delighting local shoppers and supporting tourist objectives.
- The team wanted to maintain a single site, rather than look to develop a chain of branded outlets.
- The BU needed to respond to significant changes in the environment - particularly competition from supermarkets - through creating added value for customers (i.e. innovation).

## Alternative Philosophies?

a system to show  
blockbuster movies  
in order to achieve  
high volume and  
obtain max profits

**A**



**A cinema?**



a system to show  
artistic movies  
in order to present people  
with creative new ideas  
and support culture  
of local population

**B**



Business **Worldview** ?

Community **Worldview** ?



## Alternative Philosophies?

a system to ensure children score highly in exams in order to enter a good university

**A**



Pragmatic *Worldview* ?

## A School?



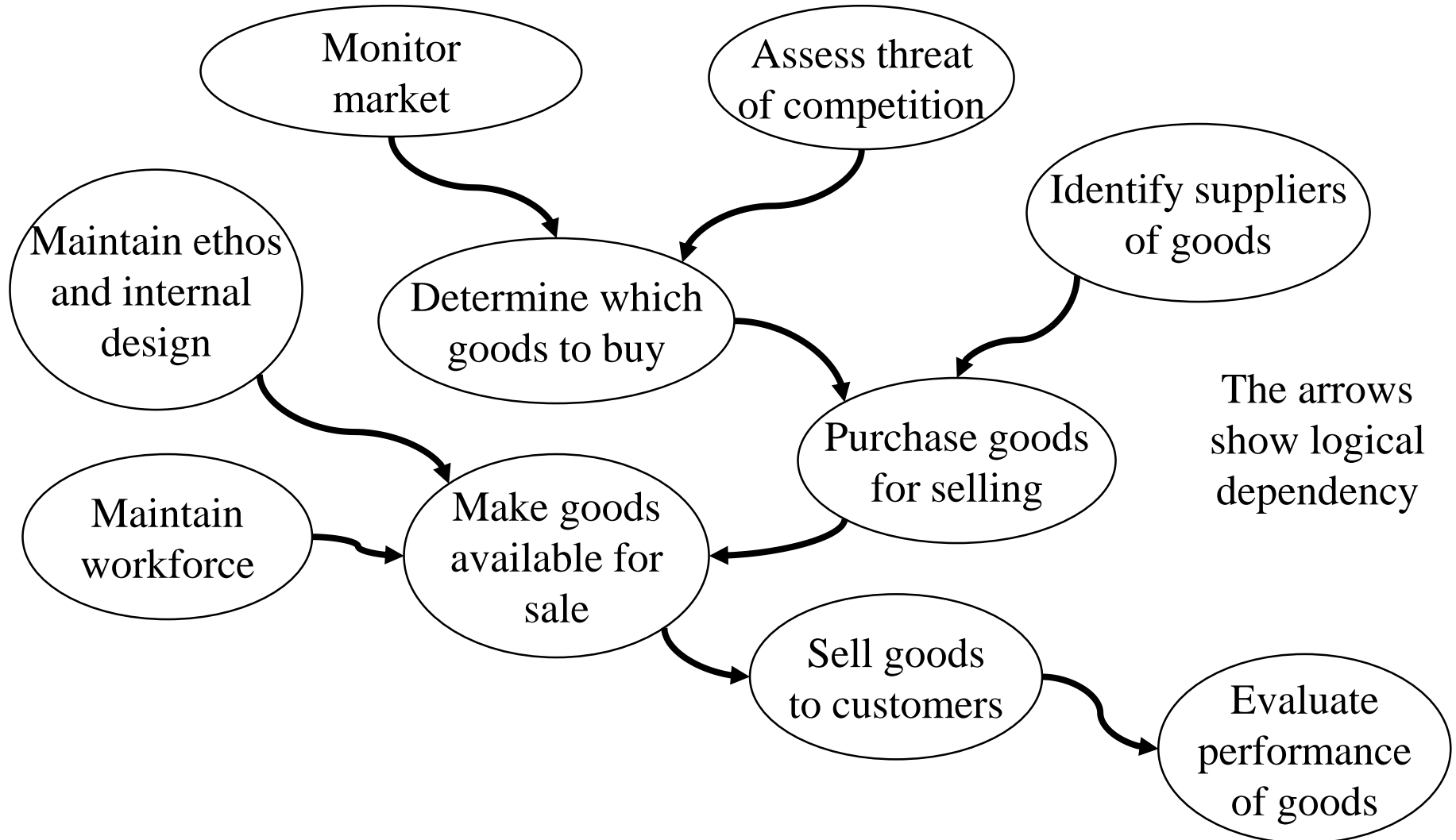
a system to develop individuals with the ability to think critically and help change society

**B**

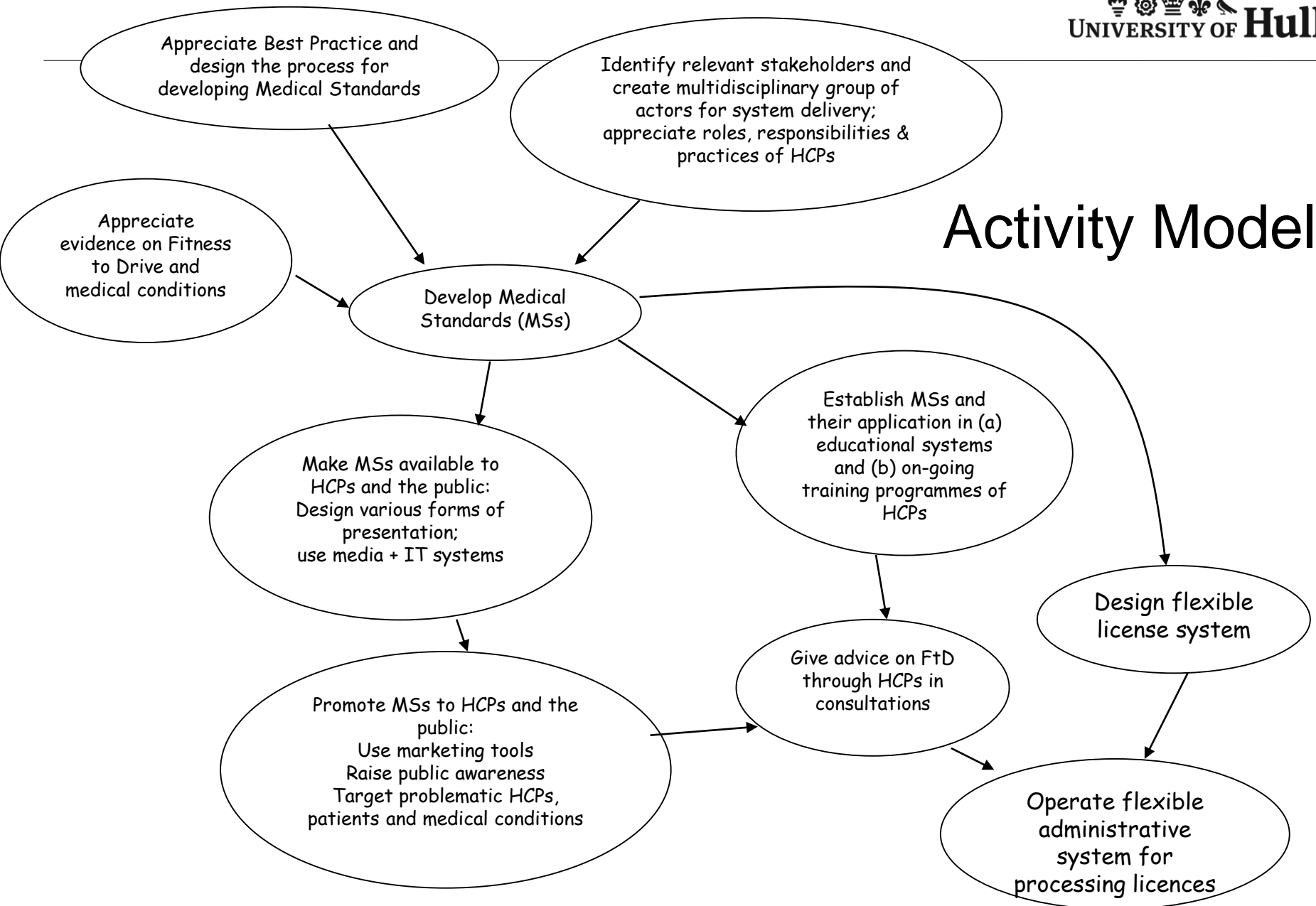


Critical *Worldview* ?

## arrange activities into a model

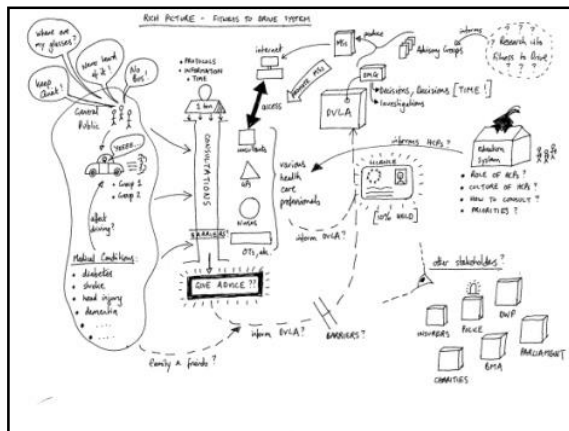


# Activity Model



# Role of the PAS Concept:

## Complex Situation



Type A (see Hindle 2011):  
Model **“systems”** within the situation.

- Baseline models
- Design models
- Theoretical models
- Process models

Type B:  
Model **changes** to the situation.

- Desirable transformations.
- Change projects.

## Developing a Systems Model – participants leading

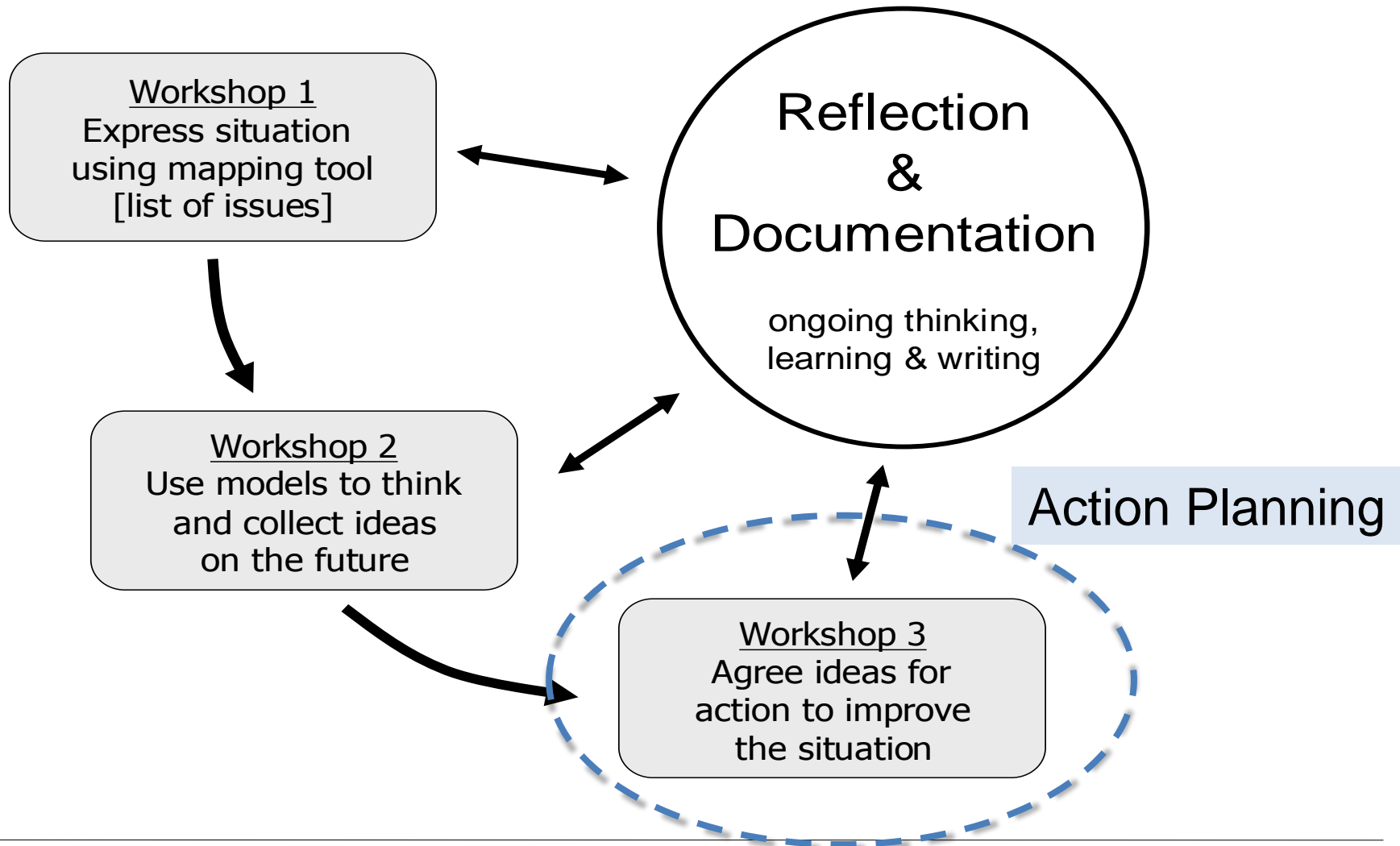




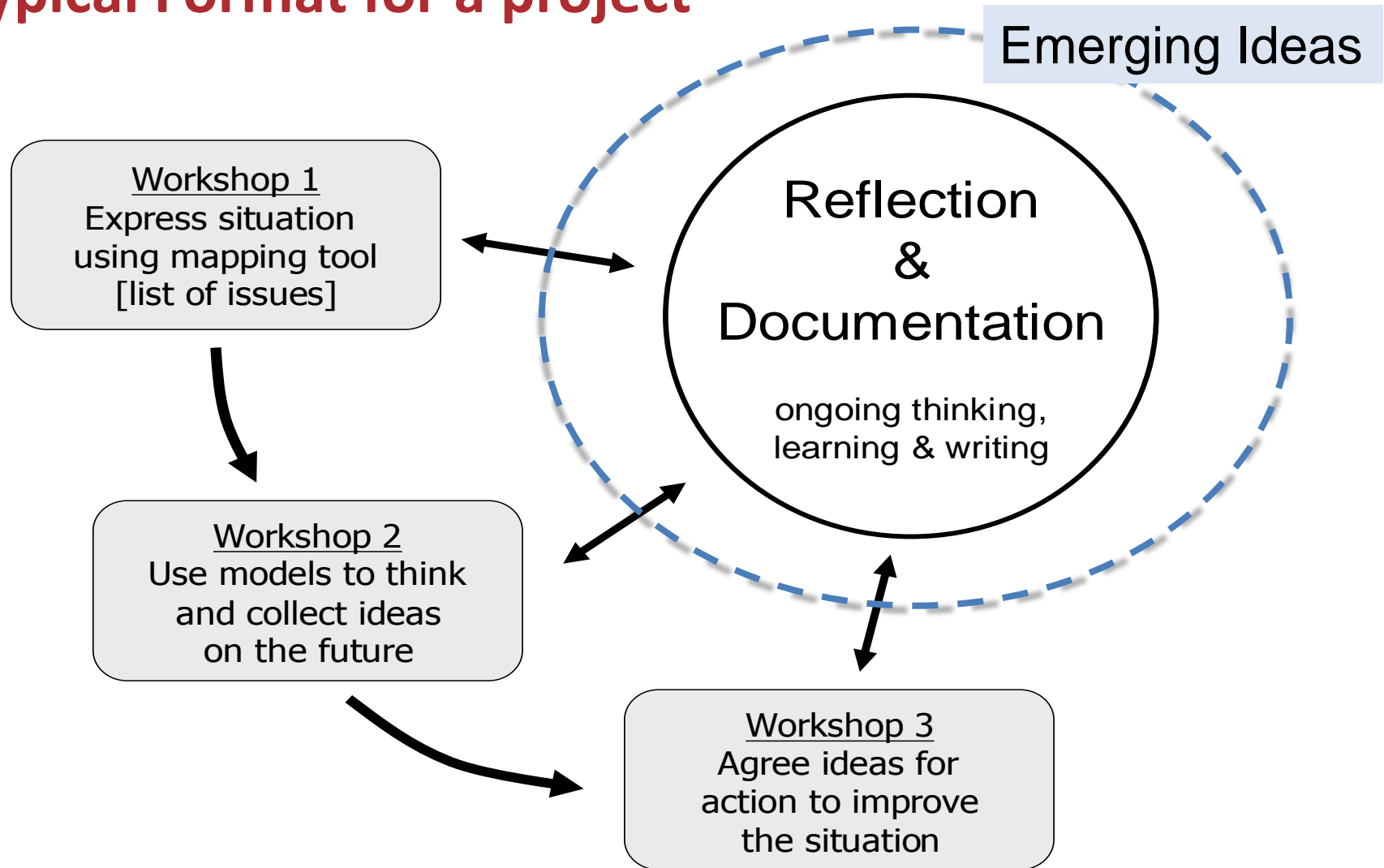
# Presenting System Design to Whole Group



# Typical Format for a project



# Typical Format for a project





## Further Reading:

- Hindle GA, Soft Systems Methodology and Service Innovation, in Macaulay,L.A., Miles,I., Zhao,L., Wilby,J., Tan,Y.L. & Theodoulidis, B. (Eds) (2011). *Case Studies in Service Innovation*. (Service Science: Research and Innovations in the Service Economy, B. Hefley & W. Murphy, series eds.). New York: Springer Science+Business Media.
- Hindle GA (2011). Teaching Soft Systems Methodology and a Blueprint for a Module, *INFORMS Trans Ed*, 12(1), 31-40.
  - <http://www.informs.org/Pubs/ITE/Current-Issue/Volume-12/>
- For general help on SSM see:
  - Latest by Checkland: Checkland P and Poulter J (2006). *Learning for Action*, Chichester, Wiley .
  - Classic by Checkland: Checkland P (1999). *Systems Thinking, Systems Practice*, Chichester, Wiley.
  - Concise: Mingers and Rosenhead (2001). *Rational Analysis for a Problematic World*, Chichester, Wiley.

# Any Questions?

