

Part II

Skills and Capability Building in Service Innovation

On the Way to a Systematic Service Innovation Competence Framework

Services dominate our societies, and for many firms, concentrating on services is a method to cope with the challenges of price-based competition. This is especially true for manufacturing firms that decide to become more service-oriented. In this context, service innovation or new service development is a highly important task. Whereas the process of new service development itself has already been researched extensively, there is still limited research on the kinds of *competences needed to foster successful service innovation*.

Highlight *This chapter develops a conceptual framework that helps firms to evolve crucial competences for a systematic service innovation process. As theoretical foundation, the service-dominant-logic and the competence-based perspective are used. The chapter is either meant for firms that want to systematize or check their service innovation processes; as well as for manufacturing firms that want to servitize and are “newcomers” in the field of service innovation and the relevant competences. Both are given a guideline how to evolve the most crucial competences in their specific firm’s environment, and how to establish a competence-based systematic service innovation process.*

Service Innovation Capabilities for Idea Assessment: An Appraisal of Established and Novel Approaches

The importance of innovation for companies to gain competitive advantage is widely acknowledged. While earlier studies have emphasized the critical importance of idea assessment as part of the new product and new services development process, the topic has been under-represented in academic research recently.

Highlight *By reporting on a case study with a German financial services provider, the authors introduce serious games and enterprise crowdfunding as two novel approaches for assessing service ideas.*

Employees and Users as Resource Integrators in Service Innovation: A Learning Framework

In order to make innovation more efficient and effective, two developments are particularly important: the opening and the democratizing of innovation. The former is a result from the insight that organizations do not possess all the valuable knowledge in-house, but the utilization of external sources is necessary (Chesbrough 2006, 2011). The latter highlights that innovations do not emerge from expert groups only, but also emanate from ‘non-experts’ in communities of practice (Lave and Wenger 1991). In these communities, people learn with others while engaging collectively in creative efforts (John-Steiner 2000). Both views emphasize users, i.e. citizens, communal members, or service customers, as active agents (von Hippel 2005).

Highlight *This chapter provides two in-depth case studies from the Finnish public sector to illustrate the developmental dynamics of the resource-integrator roles of employees and users in a resource-constrained environment. The authors apply the framework developed above and highlight these groups as ‘practical bricoleurs’. Both case studies, Elderly day club and Forest pre-school, come from a middle-sized city in the southern part of Finland.*

Foresight and Service Design Boosting Dynamic Capabilities in Service Innovation

The interdisciplinary fields of futures thinking and design thinking are both about sensing and seizing new opportunities. Thus, they support each other (e.g. Evans and Sommerville 2007) and provide essential approaches needed in service innovation. They also offer practical processes and concrete methods that are useful for gaining relevant insights, ideating and imagining the unthinkable in uncertain environments, and anticipating and conceptualizing novel value.

Highlight *The methods of foresight and service design complement each other in innovation process. Foresight offers means for imagining and creating alternative futures. Service design brings customers and other stakeholders and their needs into these future contexts and ideates and visualizes potential new solutions in creating desired futures. The typical foresight (F) and service design (SD) methods that can be used in understanding customers’ future needs and in mapping trends and weak signals in business environments are listed and explained in this chapter.*

Employment and Skill Configurations in KIBS Sectors: A Longitudinal Analysis

Knowledge Intensive Business Services (KIBS) are specialized suppliers of intermediate inputs with expertise in locating, developing, combining and applying generic knowledge to specific needs. The sectors in which these firms operate have experienced extraordinary growth over the last two decades both in terms of employment share and of value added, and are often referred to as key hubs within the modern knowledge-based society.

***Highlight** This chapter offers a review of scholarly perspectives on the growth trajectory of KIBS, and elaborates an empirical analysis to explore in detail commonalities and differences across this diverse group of sectors.*

Dynamic Capabilities for Service Innovation in Service Systems

Scholars have enunciated that innovation in services is brought to market through collaboration, asset orchestration, technological adoption, and knowledge based competencies. To this effect, the role of human capital in promoting service innovation is identified in the innovation literature.

***Highlight** This chapter highlights an entire suite of dynamic capabilities which are made up of higher order competencies, such as relationship capital, organizational learning, collaborative agility, entrepreneurial alertness, innovative capacity, and customer engagement that are instrumental to service firms to innovate.*