

Product specifications —

Part 3: Guide to identifying criteria for specifying a service offering

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Committees responsible for this British Standard

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- Association for Project Management
- Association of Innovation Management
- Association of MBAS
- British Standards Society
- Business Link Lancashire
- Design Council
- DTI — Design and Policy Services
- Engineering Industries Association
- Federation of Small Businesses
- Institute of Quality Assurance
- Institution of Electrical Engineers
- Institution of Engineering Designers
- Institution of Mechanical Engineers
- MoD — UK Defence Standardization
- NAFEMS
- Royal Institute of British Architects
- University of Glasgow
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Foreword

This part of BS 7373 has been prepared by Technical Committee MS/4 and its Panel MS/4/-/7.

BS 7373 consists of the following parts:

- *Part 1: Guide to preparation;*
- *Part 2: Guide to identifying criteria for a product specification and to declaring product conformity;*
- *Part 3: Guide to identifying criteria for specifying a service offering*

BS 7373-2 was devised in response to a demand from small businesses for a guide to assist them in preparing a specification for their product, and which would enable them to declare conformity of the product to its specification. Following the success of BS 7373-2, there was a corresponding demand from the service sector for a guide to preparing a specification for a service.

The example in 4.2 has been reproduced by kind permission of Pearson Education Ltd from: JOHNSON, R. and CLARK, G., *Service operations management*. Financial Times/Prentice Hall, 2001.

Attention is drawn to a number of sector-specific British Standards relating to services. Refer to the Bibliography for the complete list.

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Compliance with a British Standard does not of itself confer immunity from legal obligations.

Summary of pages

This document comprises a front cover, an inside front cover, pages i to iii, a blank page, pages 1 to 30, an inside back cover and a back cover.

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Introduction

While the provisions of this standard have been prepared with small- to medium-sized businesses in mind they are equally applicable to larger organizations. This guide is aimed at those responsible for specifying the new service that the organization is planning to offer.

The service content of many product offerings has increased. No longer is there such a clear distinction between traditional manufacturing industry and the service sector. Manufacturers who were once very product oriented now consider the service perspective of their operations to be more important, including customer relationship management and key account management.

Despite this blurring between manufacturing and service provision, there are still some characteristics that services are more likely to exhibit, such as the following:

- They can be abstract, intangible.
- They are impossible to keep in stock.
- They can be produced, delivered, consumed and marketed all at the same time.
- They usually require the consumer to actively participate in the process.
- Consumer and employee interaction can significantly affect the outcome.
- They can be performed/delivered in the field away from the controlled company environment.
- The outcome for the consumer is the experience of the process — there may or may not be a tangible result.
- It can be difficult to measure this outcome.

The purpose of this guide is to ensure sufficient attention is given to acquiring data in all the areas necessary to produce an adequate specification for the service offering.

1 Scope

This British Standard gives guidance on identifying the criteria necessary for producing a specification for a service. The service that is the subject of the specification might be complete in its own right or be a component of a larger service, e.g. an airline service or the catering service component.

NOTE 1 This standard deals with the core features of the service and does not directly tackle some ethical aspects such as high-pressure selling/marketing, misleading advertisements, advertising aimed at children or corporate social responsibility.

NOTE 2 Guidance relating to meeting legislative and statutory requirements, e.g. health and safety, liability, employment law, etc. (see Annex G and Bibliography) is not comprehensive and reference should be made to other sources of information as appropriate.

2 Terms and definitions

For the purposes of this part of BS 7373, the following terms and definitions apply.

2.1

business-to-business

arrangements or trade between different businesses, rather than between businesses and the general public

2.2

client

person or entity that contracts services from the service provider (which may or may not be for their own use)

2.3

consumer

organization or person purchasing or using goods, property or services for their own purposes

2.4

customer

organization or person that receives a product (e.g. client, end-user, retainer, beneficiary or purchaser)

[BS EN ISO 9000:2005]

2.5

stakeholder

organization or individual who needs to be considered, who is involved with, has an interest in or could be affected by a service

NOTE An individual may be from inside or outside an organization.

[adapted from BS 7000-3:1994]

2.6

criterion

criteria (pl)

decisive factor, measure or benchmark by which something can be judged or decided

2.7

process map

diagram illustrating the series of steps that comprise the process

2.8

workflow diagram

diagram illustrating the flow or progress of work done by a company, department, or person

2.9

service

result of at least one activity, performed at the interface between the supplier and customer, which is generally intangible

[adapted from BS EN ISO 9000:2005]

2.10

service offering

nature of the service being provided

2.11

verification

confirmation through the provision of objective evidence that specified requirements have been fulfilled

NOTE 1 The term “verified” is used to designate the corresponding status.

NOTE 2 Confirmation can comprise activities such as:

- a) performing inspections;
- b) comparing a new specification with a similar proven previous one;
- c) undertaking tests and demonstrations;
- d) reviewing documents.

[BS EN ISO 9000:2005]

3 Rationale for preparing a specification

3.1 Overview

Applying appropriate tools and techniques can assist the formulation and implementation of a new service, for example, market analysis, focus groups, Quality Function Deployment (QFD) (see Annex B for further information), project management methods, reviews, market testing. Unfortunately service organizations have not always been as methodical in the development of new offerings as their manufacturing counterparts. This standard aims to encourage a more organized approach to service development through the preparation of a specification prior to implementation.

This standard considers the various phases of new service development, from establishing consumer expectations, through implementation, service delivery and measurement of the outcome, to final termination of the service, where applicable. This sets the context for preparing a specification for the service offering.

Without such a methodical approach, a service can fail to achieve its full commercial potential, with disastrous results for the provider, and dissatisfaction or worse for the consumer.

Following the guidance in this British Standard can help a service provider avoid problems commonly encountered such as:

- insufficient knowledge of the market/target consumer;
- inadequate alignment of the provider with the consumer;
- inadequate profit margins;
- the service being too expensive for the consumer;
- failure to meet regulatory requirements;
- failure to meet performance targets;
- the time taken to implement the offering being too long;
- the cost of implementing the offering being too high;
- insufficient in-house skills and knowledge to achieve the objective;
- excessive failures or consumer dissatisfaction creating serious financial obligations.

The main benefit in dealing properly with these issues is a better service offering, for which the commercial and technical risks have been assessed and eliminated, or reduced to an acceptable level. The benefit to the service organization can be significant both in reducing the cost of providing the service and in improving quality, thus improving the profitability of the venture.

3.2 The service process

There are many different kinds of service, for example:

- professional services (provision to a single consumer, e.g. architect, accountant, lawyer);
- “mass” services (same provision to many consumers, e.g. bus and train services);
- business-to-business;
- business-to-consumer;
- high volume/ low variety (e.g. call centre, public transport, courier service);
- low volume/ high variety (e.g. lawyer, interior designer, consultant).

In all these variations, the importance of the consumer being an active participant in the value creation process should be recognized and exploited. In the end it is the consumer's experience that leads to satisfaction (or otherwise). Activities and processes that the consumer does not see, while necessary, are inconsequential as far as they are concerned.

The coming together of the service provision and consumer experience, the service delivery, and the outcome and feedback, is represented by the model in Figure 1.

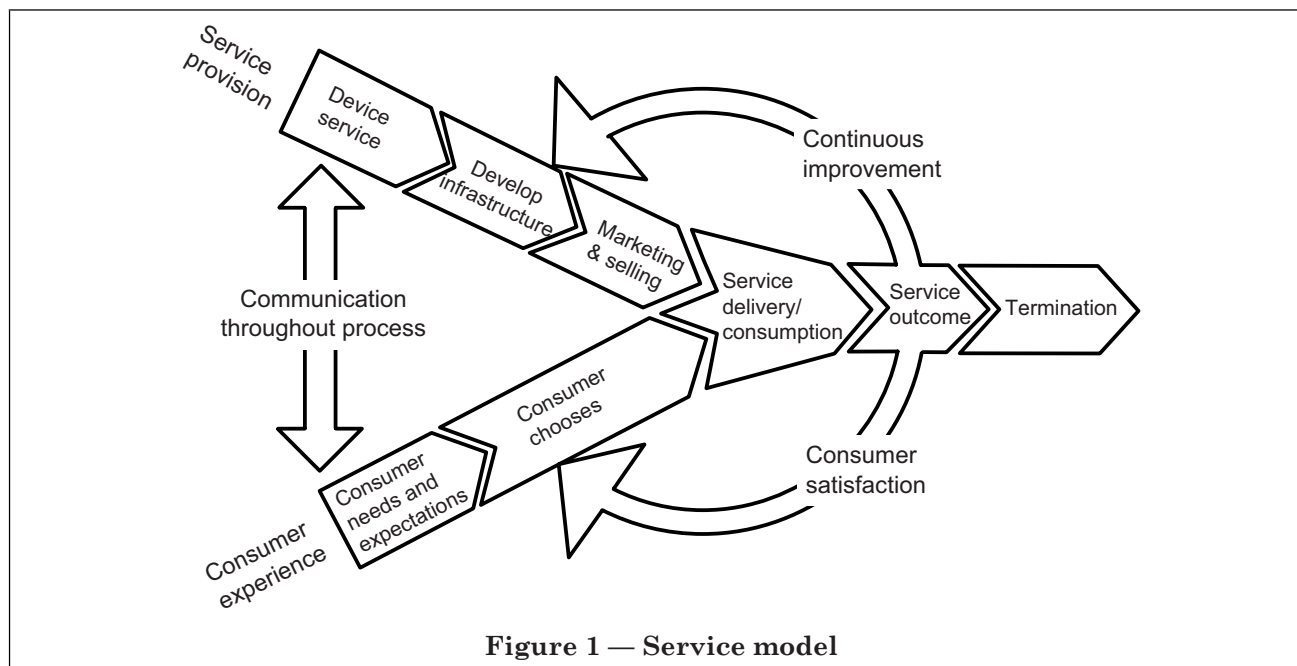


Figure 1 — Service model

Service delivery can be considered as the two merging paths shown in Figure 1. Identifying the service provision and infrastructure for the organization (represented in the top path), and understanding the features and service level that will appeal to the consumer (represented in the lower path). These come together at the point of service delivery with the objective of providing a value-added experience for both parties. In reality, this tends to be an iterative process, but for clarity any loops within and between the various phases are not shown.

To prepare a comprehensive specification, the overall development of the service offering, including commercial, technical and infrastructure considerations, consumer expectations, regulatory and ethical considerations and consumer choice, their experience and the outcome, all need to be considered.

3.3 Commercial considerations

The trigger to develop a new service offering might come about for many reasons, not always through consumer demand. For example, a service provider might find the popularity of an existing offering diminishing (e.g. fewer calls to a bank call centre because consumers migrate to internet banking) so the desire for a new service might come about through wanting to optimize the use of existing resources rather than from any specific identified consumer need. Whatever the motivation for developing a new offering, consumer needs, market needs, and commercial considerations should all be understood.

An analysis of the commercial issues, skills and knowledge necessary to bring the new service offering to the market should be undertaken. The potential size of the market, and the share of that market which is being targeted, should be determined.

NOTE The latter can be vital in determining the viability of a new service proposition.

Consumer characteristics, economic groups, geographic location, etc. should be understood. The financial implications to the company, particularly in terms of budgetary provision for process implementation and working capital, should also be considered.

Using the checklists in Clause 4 will assist in understanding the issues that will ultimately be incorporated into the specification.

3.4 Technical and infrastructure considerations

All pertinent technical information on the resources needed to provide the new service should be gathered together with information on the service process to be developed. This will not only include the infrastructure: buildings, accommodation, facilities, transport, telecommunications and information technology requirements, etc., but also the characteristics of the process including quality, safety, and environmental requirements. Unlike in the manufacturing industry, quality and safety cannot be embodied in the product during manufacture and then delivered intact to the consumer, they are revealed during the delivery process. This implies that a right-first-time philosophy is even more important in service delivery as any errors might be immediately exposed to the consumer.

Recording information about the delivery process, and the supporting technical facilities, in the specification document can keep the minds of the management team focused, helping them to make informed decisions.

3.5 Consumer expectation considerations

Consumer expectations and their quality factors need to be understood including, e.g.:

- Ability.
- Access.
- Aesthetics.
- Attentiveness.
- Availability.
- Care.
- Cleanliness.
- Comfort.
- Commitment.
- Communication.
- Competence.
- Courtesy.
- Flexibility.
- Friendliness.
- Functionality.
- Integrity.
- Reliability.
- Responsiveness.
- Security.
- Timeliness.

Any additional consumer requirements known to be applicable should be added to the list. The level of expectation for each applicable requirement should then be determined. The following grading of expectations (i.e. quality factors) can be used:

- Essential.
- Desirable.
- Minimal.
- Indifferent/no requirement.
- Prefer not to have.
- Don't want.
- Mustn't have.

By establishing which criteria are expected, and their relative importance, it becomes possible to prioritize the consumers' needs and expectations.

An assessment of the profile of typical consumers who will use the service can also be helpful (e.g. in the spectrum: positively disposed towards the offering, tolerant of it, indifferent, intolerant of it, incompetent, etc).

3.6 Regulatory and ethical considerations

Many services are covered by statutory regulations or standards, or by sector or professional codes of practice or guidelines. In some cases (e.g. specialist healthcare, financial services or travel) consumers might actively seek an assurance of legitimacy by checking that the provider is accredited or registered with an appropriate organization or professional body.

It is necessary to understand exactly which regulations, standards and professional codes apply to a new service, because the way in which the service is implemented and delivered might have a bearing on which of these are invoked. The inclusion of regulatory requirements in the specification is important to ensure all mandatory aspects are captured in the documentation, leading to proper consideration of compliance with the regulations, reduction of risk, successful service delivery and consumer satisfaction.

Annex C illustrates various perspectives on applicable standards, and the Bibliography includes a list of relevant publications and legislative documents. Annex G gives additional sources of information.

4 Identifying the criteria

4.1 Overview of the criteria to be gathered

Identifying the criteria is invariably iterative, as more information becomes available about consumer expectations and needs, the issues that affect consumer choice, the design of the service, and how it is to be delivered. Ultimately the specification will provide the criteria against which service performance can be assessed. The most efficient approach is to concentrate on collecting the specific information necessary for immediate decisions to be taken. Over time, all of the criteria can be acquired. Prioritizing the criteria and arriving at the correct trade-offs can be a delicate balancing act during the early stages of service definition.

In the case of trade-offs, where it is necessary to prioritize issues, or there are conflicting requirements (e.g. consumer needs vs. expectations), the use of QFD can be a useful tool to aid decision-making.

It is important to consider the whole life-cycle of the service and not just concentrate on the internal delivery process. This means thinking about the consumers' perspective, the possible breadth of the new service offering, the market, legislation, delivery, the outcome, and finally how the service might ultimately be terminated in a manner that is considerate to consumers, the organization, and society at large, including the environment.

Figure 2 illustrates the stages in identifying criteria for each element of the service model.

4.2 Researching and understanding consumer needs and expectations

In this most important first phase, it is necessary to understand the target consumers, their values, their requirements and their likely behaviour. Attributes that make the proposed service different/outstanding, and hence successful, need to be established.

The service concept is an encapsulation of the essence of the service which the organization would like to convey to consumers and stakeholders. This should be described in a statement that encapsulates the nature of the service as succinctly as possible, thus:

EXAMPLE^a

Service Concept: Club Med

(from page 30, Service Operations Management, Johnston & Clark)

Club Med's service concept could be described as "a fully paid vacation package where you make your arrangements and pay the bill in advance in return for a well-managed programme in which you don't need to worry much about money, transport, food, activities, or clothes". In line with this concept, Club Med developed an operations package that is focused on the needs of the target market. It also reduces administration and billing costs and matches staff and guest profiles.

The concept is clearly defined, so promotional material and other customer communications ensure the "right" customers are recruited and that they have the "right" expectations of the service provided.

a. This example has been reproduced by kind permission of Pearson Education Ltd from: JOHNSON, R. and CLARK, G., Service operations management. Financial Times/Prentice Hall, 2001.