



SHARING EXPERIENCE EUROPE
POLICY INNOVATION DESIGN

Case Studies in Design Policy & Programmes

This case study was developed as part of the SEE project. SEE is a network of eleven European partners sharing experience and stimulating debate on how to integrate design into innovation policies at regional, national and European levels.

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www.seeproject.org
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The Service Design Programme: Moving from products to services

UK

The Service Design Programme is delivered by Design Wales on behalf of the Welsh Assembly Government and uses service design as a tool for economic growth within the advanced materials and manufacturing sector. The programme was launched in 2010 and within a year has generated concrete results. It is the result of exchange among the SEE partners, as Welsh Assembly Government representatives attended SEE workshops and recognised the strategic advantage and value that services can bring to product-led companies.

In 2009, findings from an Engineering Employers' Federation report revealed that services account for between 15% and 20% of total revenue earned by UK manufacturers (compared with 66% across UK industry as a whole). The report also identified that these services tend to focus on fixing products, ongoing maintenance, marketing and sales, for example, rather than a strategic move towards 'servitisation'.

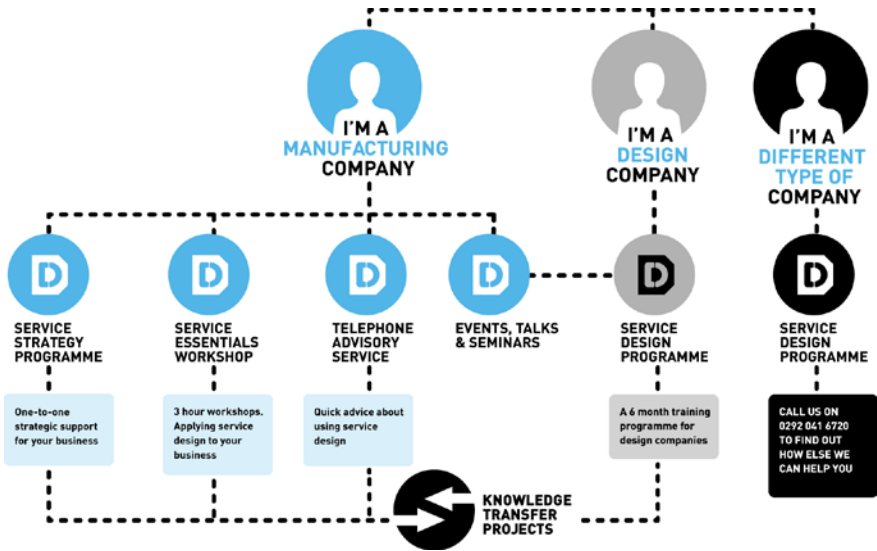
Intriguingly, a survey conducted in 2010 by the same organisation showed that the number of companies introducing or planning to introduce service innovation would jump from 17% to 48%, highlighting the rise in interest in services from manufacturers.

This shift from products to services provides clear opportunities for service designers who can support manufacturers in realising their aims. Design offers a clear path for businesses to add value to their offer, servitise their products or even adopt new service-based business models. The Design Wales support programme aims to capitalise on this shift and demonstrate how service design can help companies achieve this, kick-starting a demand for design-led service innovation.

The Service Design Programme began in July 2010 and is running until May 2013. The programme was set up to address both supply and demand by creating demand among Welsh manufacturers and expertise in service design among Welsh designers. Design Wales is set to work at a strategic level with 90 companies or 'The90'. The programme's key performance indicators are made up of a balance of delivery indicators (number of seminars and diagnostic interviews) and impact indicators (new services launched, R&D investment induced and jobs created). Combined, these indicators have a significant impact on both behaviour and practice within a business.

The model of business support developed by Design Wales is based on a four-step process: Events, Telephone Advisory Service, Service Essentials Workshop and the Service Strategy Programme. In order to create meaningful impact on a business it is important to engage it over a longer period of time. The shift from products to services is as much about a change in management culture as it is about a change in business practice.

The Design Wales Model of Business Support



The Service Design Programme also works with the design sector in Wales to create a 'supply' of service design expertise, ensuring that once companies have received their funded support from Design Wales, local service design expertise is available to deliver the work.

Although there are some exceptions to the rule, most companies accessing government support for innovation are SMEs or micro-businesses. It is these businesses that lack the critical resources to contract service design expertise or develop an in-house capability that value design support programmes the most. As well as being

open to support, these SMEs also have a great amount of potential as shifts in mindset, approach and business model are easier to implement within smaller companies.

How an advanced manufacturer in Swansea focused on its service and improved its bottom line

Aggrelek makes electrochemical water-treatment units for companies such as Shell, BAA and Corus. The company is based in Swansea, South Wales, where it employs eight members of staff. As with many small businesses in the manufacturing sector, Aggrelek has grown up and established itself based on technical expertise. Its technical knowledge had enabled it to compete and develop its innovative product with several key clients. However, “a new company introducing new technology can be an uphill struggle,” explained Phil Morgan, Managing Director.

With the help of Design Wales, all members of the company, from senior management to installation staff, mapped out typical customer journeys and identified key points that had a significant impact on the customer experience: highlighting good practice, current problems and potential improvements. A key concept in service design is customer touchpoints where users interact with the product or service. By focusing on those touchpoints with the greatest potential for impact, the company was able to identify where it could achieve strategic change within its business.

Design Wales supported the company management through this process and advised Aggrelek on the use of design methods such as ideation, observation, branding and service prototyping. Aggrelek then developed a number of service concepts, such as Containerised Plant, Electrode Management and Process Consultancy services, which it has tested with customers and brought to market.

Impact of Design Intervention in Aggrelek

- The company invested £50,000 in R&D
- The team revised their business plan and employed 8 new members of staff
- The company rebranded itself Aggrelek from Watertec Solutions
- It launched 3 new products and 4 new services
- Its new service received £100k sales in the first 2 months after launch
- It protected its improved service via a trademark