

# A Perspective on Developing a Services Strategy

By John Devine



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As discussed in the article available on the INSIGHT Web Site, [www.insight-group.com](http://www.insight-group.com) ...

*“Services: A Strategic Weapon for Product-Focused Firms,”* by Tom Esposito, a documented, agreed-upon services strategy is necessary in order to ensure a successful services business implementation. But what approach to strategy development will yield actionable results, and what are the key elements of an effective services strategy that will yield profitable growth?

For illustration purposes, I will highlight a best-practice approach that The INSIGHT Group has facilitated and deployed for product-focused clients desiring to implement a high growth services business. The methodology can be characterized as a modified “Delphi” approach (a process of reaching a consensus as to key strategic elements/direction and key initiatives by individual solicitation and comparison of the views of experts).

The process also employs “strategic improvising”<sup>1</sup> versus a traditional “tops down” planning method. Through strategic improvising, strategic direction and customer-focused actions are made at the operational level in real time, they are team-based, and they are updated on a continual basis so as to keep in

sync with dynamic market and customer environments. This model fosters plan development and implementation based on current customer services /solutions wants and needs, competitive positioning, opportunity management, solution business value verification, and customer validation, i.e., ensuring an ongoing “voice of the customer” approach.

The key focus areas in services strategy development are:

- **Vision:** A realistic view of how you want customers to understand your services business.
- **Mission:** A succinct statement of the nature and primary purpose of your services business, providing a customer perspective.
- **Business positioning and value proposition:** What business/solution values do you bring to your markets/customers?
- **Goals and objectives:** Addressing both qualitative and quantitative goals and objectives over a two- to three-year period.
- **Services market environment and direction:**
  - Key market segments.
  - Customer wants and needs.

- Your services capabilities/offerings.
- Key competitive landscape.
- Strengths, weaknesses, opportunities, and threats (SWOT analysis).
- **Key strategy elements:**
  - Strategic direction.
  - Key strategic initiatives with implementation milestones, roles, and responsibilities.
  - Key business processes, i.e., customer engagement, new services launch.
  - HR, professional skills plan, and development and certification.
  - Management system and structure.
  - Services financial and business metrics.
- **Bold actions:** To drive innovation and profitable growth.
- **Critical success factors and key dependencies:** In documenting the services strategy, the following are significant questions that must be addressed to ensure completeness and to drive successful execution:
  - What market/customer segments should be served in order to drive profitable growth, and what is the extent of the opportunity?
  - What are customer wants and needs for fee-based consulting and services that will create high customer value and loyalty when delivered?
  - How do the business' current and planned consulting and services capabilities map to customer needs?
  - What role does the business want to play in this services market with customers (vision, mission, goals, objectives, value proposition)?
  - What strategic direction and initiatives are required in order

to capture leadership and achieve services goals?

- How do we clearly define our product support and services strategies?
- How do we best clear up gray areas?
- What marketing and sales processes should be implemented to drive the execution of the strategy?
- What consulting and services development and delivery processes should be deployed throughout the business in order to enable effective strategy execution?
- What actions will maximize profitable business growth, reduce costs, broaden market reach, improve competitiveness, and enhance partner/affiliate relationships?
- What key management systems, supportive business processes, financial model, key metrics, and organizational structures should be deployed to ensure ongoing, successful services business management?
- What critical factors and dependencies will determine success or failure?

Another key consideration in documenting a services strategy is to ensure that it is aligned with other strategic initiatives of the overall business, e.g., the overall go-to-market plan, key account(s) management, the business/channel partner strategy, and so forth.

Business executives and managers many times can get absorbed in short term, immediate issues that tend to keep them awake at night and cause them to lose sight of the business' long term goals. Consequently, a services business strategy to drive direction and performance is a necessity. A real-time strategy

driven by operational/functional executives can create an innovative blueprint that will:

- Provide a basis for decision making and setting or changing directions.
- Support budgeting, resourcing, and skills management.
- Drive and support detailed planning, e.g., practice-based business plans.
- Help to improve productivity and manage costs.
- Provide the basis for communication to motivate and involve all employees.
- Help to manage change and provide a building block for the next strategy iteration.
- Increase shareholder value.

This is one perspective to developing a services strategy; and these guidelines and key approach elements can help to ensure that your strategy development will yield profitable growth and actionable results. ⑦

**Reference:**

1. Lee Tom Perry; Randall G. Scott; and Norm Smallwood. 1993. *Real-time Strategy: Improvising Team-based Planning for a Fast-changing World*. New York: John Wiley & Sons, Inc.