

Service thinking



Nick Frank, Founder of Frank-Partners, explains to TM why service thinking is the pathway to business growth.

“I am an industrial person”, Nick Frank tells TM and before starting his management consultant career, Frank worked for more than 25 years as a senior manager in industry. He graduated with a mechanical engineering degree from the University of Southampton and started his professional training with Xerox Corporation. Xerox sponsored Frank to complete an MBA at the Cranfield School of Management.

Additionally, Frank occupied roles at Textron Fastening Systems and Husky Injection Molding Systems. In his extensive experience, Frank has learnt the value of service thinking and in turn set up his own consultancy to help clients improve their profitability.

“A few years ago I went into consulting and as a consultant I help clients find their pathways to business growth using service thinking, I mean really getting inside the customer’s business processes to understand why they are successful.”

Frank deconstructs the concept of getting inside the customer’s business practices, he says, “Understanding the business challenges that keep them awake at night, as opposed to asking ‘what do you need Mr/Ms customer?’ Which is a very superficial way of understanding their business processes and how they make money.

“If you do that, you can find the products, and services to make a big difference to your customers, and therefore create a better, more profitable, sustainable future for yourself through service thinking.”

Frank is passionate that servitisation has the potential to help manufacturers grow their businesses exponentially. He says, “Getting more intimate with your customer, and not just in how they use your product, but how the outcome it delivers influences their business. If you can understand that to the extent that you can design your service or products differently for your customers you can make a lot more margin.”

He provides an example in fasteners, “In the fastener world, the cost of a part itself might be 20% of the total cost, all the logistics including time, quality and engineering, only makes about 30% of the total cost. The vast majority of the cost is in the time you spend assembling that unit.

“If a company can come along and create a fastener that allows you to assemble something three or four times faster, the saved time far outweighs the cost of the product.” Frank maintains that understanding all the processes of your customers business from

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start to finish can allow you to innovate and tailor-make your service or product for the client.

“This shows you the power of intimacy and customer loyalty. You are more entwined with the customer allowing you to drive growth. The key thing is not about the service, it’s what it allows you to do,” adds Frank.

However, persuading manufacturers the value in understanding the benefits in service-thinking is easier said than done. Many organisations in the sector are steeped in a product culture and tradition, which causes problems in driving change.

“If you talk to someone who’s been running a business for 30 years making stuff, they’ve always made stuff, they don’t quite get this service stuff because it’s intangible.”

However, Frank sees the sector moving past these challenges as products start to become digitalised. Manufacturers are getting the opportunity to experience the concept of connected products in their everyday lives on their iPhones. He elaborates, “They can see all the things that they can do with apps and how all their electronic devices are automatically synched. And they can see the same digitalisation trend in their products, combined with the internet, is starting to blur the lines between the hardware and services. We are now at a time when the manufacturers who can combine Service Thinking with these new IoT capabilities, will be able to deliver more value to their customers”

What does Frank see for the future? He concludes, “In the future I imagine we will stop differentiating between products and services, and focus more on solutions, outcomes and customer experience.” **END**