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## INTRODUCTION

Today, more and more attention is paid to the service sector of the economy, whose rapid growth has led it to outstrip the two other sectors, agriculture and industry. Its dominance, the variety of services offered and the multiplicity of cross-functional management issues it raises have rendered the classic paradigm of a three-sector economy obsolete and misleading.

How is it possible to make sense of all this diversity and come up with an operational definition of services? The strength of a new definition lies in how far it is able to retain simplicity and economy while being powerful enough to explain and organize the existing concepts and approaches used to explore the field.

This book is an account of the definition of services based on the separation between back-stage and front-stage activities. Services deal with the front-stage interactions; production and manufacturing with the back-stage operations. The idea is very simple but goes against the traditional separation between management disciplines such as marketing, operations management, organizational behavior and human resources management. With this definition, we are all in services to a greater or lesser extent, as any business involves both front-stage interactions and back-stage operations. It is this “more or less” front-stage aspect that is highly rewarding to investigate, as long as its specificity is well understood.

This idea is simple but powerful. It will be shown that it is the best way to explore the variety of existing services – from industrial to professional – and the related management issues. It should become clearer why it is no longer possible to distinguish between the product and the process, why marketing, operations and people issues all merge in the front stage. It should become clearer why quality, productivity and flexibility issues are so specific in services.

The objective of the book is to prove that the proposed definition is

robust enough to cover the whole business spectrum, and that the approach derived from it will provide a blueprint with which to explore all kinds of services and plan successful services strategy.

This back-stage/front-stage concept is obviously not new, but where this book breaks new ground is in using it to systematically explore all important issues of the field with a number of instruments, including the service mix, the service triangle and the service-intensity matrix.

This book is written not for readers who wish to deepen and refine their reflection in a precise domain, but for those who seek an overview of the very wide world of services, an orientation map with which to explore the terrain and their own experience, a method for positioning, designing and implementing any kind of service.

The book unfolds in a logical sequence. After reviewing traditional classifications, Chapter 1 introduces the new definition and helps the reader understand the extent to which we are all in services now. Chapter 2 establishes the distinction between the front and the back stage and outlines a key issue: how to align these two very different worlds. The next step is to unfold the new service approach – the service triangle – in Chapter 3. A number of important issues now become visible, from the need to develop a dual partnership culture to the importance of shedding light on quality gaps. The service-intensity matrix in Chapter 4 is a good instrument to position any type of service, as shown by a number of examples from different industries.

Chapter 5 focuses on the key issue of creating breakthrough services by finding and keeping a good fit between the value perceived by the different stakeholders and the service proposition.

Chapters 6 and 7 analyze the difference between quality of product and quality of service, and guide the reader to the three movements of quality.

Chapter 8 deals with another service-specific issue: balancing supply and demand. It is about time in Chapter 9 to show the value and usefulness of concepts and instruments developed so far and how they apply at the two ends of the service continuum. At one end, industrial services are still close to the product, and at the other, professional services focus on client interaction.

Finally, Chapter 10 considers how to manage the change process. As managers strive to re-create value with strategic repositioning, new service propositions or continuous improvement, they have to focus on implementation and put in place a systematic change process.

## INTRODUCTION

Throughout the book, a number of images, graphs and symbols should help readers assimilate and memorize the main ideas and concepts, using both sides of their brains. My objective was to keep the book as short as possible, as I know that managers do not have much time and prefer a picture to a thousand words.

This book has greatly benefited from questions, discussions and contributions from participants in seminars at INSEAD, and in companies too numerous to list here. I would like to thank Stephen Chick, Christoph Loch, Ben Bensaou, Jens Meyer and Yves Doz for their numerous suggestions and improvements, Lillian Haas for her editorial assistance, and Claire Derouin for her patience in typing and retyping the manuscript. Finally, this work could not have been completed without the help of INSEAD.

Inevitably, in writing this book I have borrowed a lot, and it is impossible to quote all sources, although I have tried to give the main ones in the text. The rest are in the bibliography. For myself and, I hope, for the reader, what is important is the journey itself. While writing this book, certain issues became clearer to me, and it is this new clarity of thought, expressed in the front-stage/back-stage concept, that I want to share with you in the following chapters. The only originality I would claim is the demonstration that the definition of services is robust enough to travel over the whole field of services, and to address the main issues from a proper perspective.



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