

***SERVICE PROVISION CHANGES IN
FOR-PROFIT PUBLIC SERVICE
NETWORKS***

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1. Problem statement

For-profit public services have to survive in their environment:

- increasing competition
- Public missions
- Sustainable development

→ Innovation as a key factor

Objectives of the paper

- Describe the adaptation process by analysing innovation trajectories
- Identify the current innovation model
- Innovation trajectories
- A product-based analysis

Methodology

Basis: a detailed empirical investigation of the French Postal Service on several periods.

- Interviews within functional departments (in 2004 and 2008)
- Comparison between public service networks

Analytical framework

- A functional approach of service output
(Faiz Gallouj 1999)

Which best demonstrates :

- the reality of services
- the variety of innovation behaviours
- complexity of service provision

Changes

- Supply development from mass production to “mass custom-made products”
- Evolution of public missions
- Introduction of sustainable development

2. The functional breakdown of a service

1. The principal medium (resources) of a service

(Material objects, Information, Knowledge, Individuals)

2. Four types of operations or basic functions

- Material and logistical transformation operations (M)
- Logistical and Informational operations (I)
- Knowledge processing operations (K)
- Contactual or relational service operations (R)

3. Other non operational functions

- The skills/competences mobilised by the provider firm (C)
- The final service characteristics or functions (or use value) (Y).

The functional breakdown applied to for-profit public service network

<p>Competences in the use of technologies or competences directly Mobilised (C)</p>	<p>(M) “Material” operations + corresponding sciences and technologies</p>	<p>(I) Informational operations + corresponding sciences and technologies</p>	<p>(K) Methodological operations + corresponding sciences and technologies</p>	<p>(R) Contactual or relational service operations</p>	<p>(Y) Service functions and characteristics</p>
<p>“Organizational” operations (O)</p>					

The functional breakdown of a a registered letter with confirmation of receipt

(C)	(M)	(I)	(K)	(R)	(Y)
<ul style="list-style-type: none"> - competences directly mobilised - competences in techniques associated with operations - competences in organizational engineering 	<ul style="list-style-type: none"> -proof of posting -Collecting, scanning and mailing to the sorting office - sorting by hand - putting letters into sealed bags - sorting at the addressee post-office - delivery of the letter to the addressee - return of the receipt to the post-office and to the sender 	<ul style="list-style-type: none"> -processing the registered letter -proof of receipt kept and archived 	<ul style="list-style-type: none"> - techniques allowing the scanning and sorting of that type of mail 	<ul style="list-style-type: none"> - taking time to listen to and help the customers - making the addressee sign the receipt of the registered letter 	<ul style="list-style-type: none"> - collecting, enabling the scanning and sorting of that type of mail - legal proof of mailing - proof of receipt - delays -information, advice -collecting and distributing mail in non profit areas - helping the customers fill out the receipt
<p>“Organizational operations” (O)</p> <ul style="list-style-type: none"> -Organization of the different stages of scanning mail -Organization of processing operations of that type of mail - Organization of customer services in post-offices 					

Innovation trajectories within for-profit public services :

Historical context of service activities

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People's representation of innovation

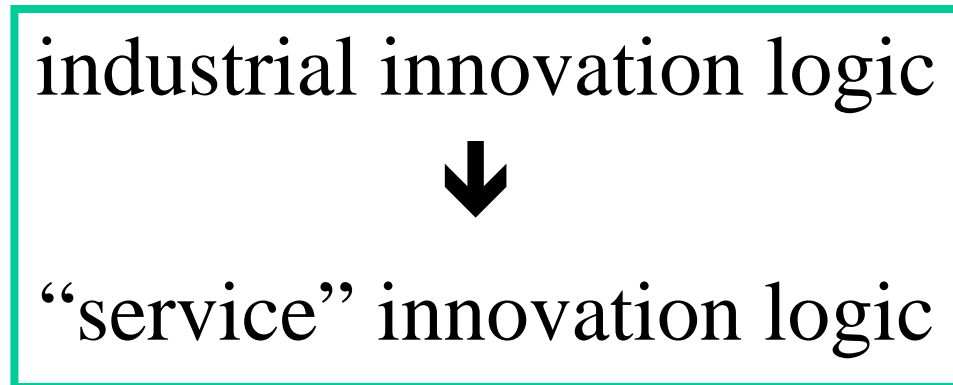
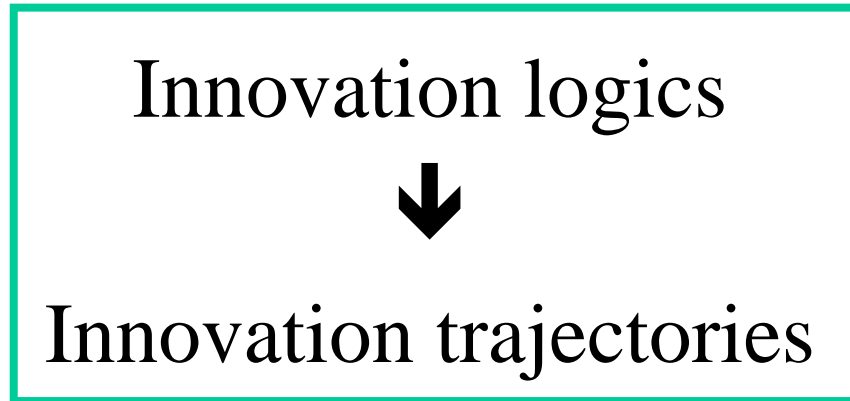


Change in the way innovations and final services
are created

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Innovation logics

Innovation trajectories within for-profit public services :



Industrial innovation logic

“Industrialisation”

Aim :

- Offer standardised services
- Economies of scale
- Mechanisation → mass production
- Salais and Storper’s “Fordist” system
- Production performance from back-office procedures

“Service” innovation logic

Move away from mass production

Aim

- Customer satisfaction
 - Innovations → flexible production systems
 - More diversified services (association/dissociation, varying combinations)
 - Relational service functions.
 - Front to back-office interactions
- Leading to :
- “post-fordist” industrial quality
 - Increased customer relationships
 - Value added services

the case of the French Postal Service

<i>Innovation logic</i> <i>Trajectories, Field of innovation</i>	Industrialization innovation logic Domination of technical aspects
Material trajectory	Mass-production systems; Mechanization; exploitation of economies of scale. “Fordist” production
Informational trajectory	Development of data processing systems
Methodological trajectory	Essentially for back-office functional departments
Relational trajectory	Reduction of individualized interactions between supplier and customer (self-service) Depersonalisation of services in order to mass-produce
Pure service trajectory	Creation of quasi-goods (services with a precise set of specifications)
Organizational trajectory	Engineering organizational innovations in order to improve the technical development of production at every level of the firm.

the case of the French Postal Service

<p><i>Innovation logic</i> <i>Trajectories</i> <i>Field of innovation</i></p>	<p style="text-align: center;">Service innovation logic increased commercial importance given to customers</p>
<p>Material trajectory</p>	<p style="text-align: center;">Innovations enabling flexible product systems</p>
<p>Informational trajectory</p>	<p style="text-align: center;">Improvement of front to back office interactions and interactions between suppliers and customers. Creation of customer follow-up software Development of new e-services and new technological applications</p>
<p>Methodological trajectory</p>	<p style="text-align: center;">Methodological innovations in professions that interact with customers (advisers, salesmen)</p>
<p>Relational trajectory</p>	<p style="text-align: center;">Individualized interactions with the customer (to improve customer service). Improvement of service quality such as customer relations</p>
<p>Pure service trajectory</p>	<p style="text-align: center;">Creation of “added value” services; proximity services. Implementation of financial advisers, commercial staff, and a marketing department.</p>
<p>Organizational trajectory</p>	<p style="text-align: center;">Organizational innovations enabling flexible product systems at every level of the firm (such as front to back office interactions, interactions with customers)</p>

A specific innovation: innovation to compromise

Profitability in a world of global trading and
increased competition

Public service mission



Contradictory goals

“Innovation to compromise”

3. Product-based analysis

Standardized services

(mass custom-made products)

Specialized services

Custom-made services

the case of the French Postal Service

<i>Trajectories</i> <i>Field of innovation</i>	Standardized services
Hybrid trajectory: material/organizational/and informational	<ul style="list-style-type: none"> -Economies of scale, Mass-production systems, standardization of the operational functions - Introduction of informational techniques, Flexible production system
Informational Trajectory	<ul style="list-style-type: none"> - Complexification of products (setting and resetting of operations, competences and characteristics) - Same services on line - New informational services (e.g. electronic registered letter) - new way of getting in touch with the customer
Relational trajectory	<ul style="list-style-type: none"> - « négative » : self-service équipements for simple tasks - « positive » : new methods of developing customer loyalty (e.g. “Adésio” points given when money is withdrawn from French postal cash dispensers); development of new jobs (welcoming efforts made at the post-office to help the customer)
Pure service trajectory	Conception of quasi-goods, i.e. services with a precise set of specifications.
Relational/organizational trajectory	Reorganization of activities

the case of the French Postal Service

<i>Trajectories</i> <i>Field of innovation</i>	Specialized services
Hybrid relational/pure service trajectory	<ul style="list-style-type: none">- development of specialized advisers (e.g. implementation of financial advisers, financial wealth advisers and salesmen).- Product-oriented advice to customer-oriented advice- Development of service options,-new selling techniques, better customer follow up methods
Informational/pure service trajectory	<ul style="list-style-type: none">- customers data management, information flow management

the case of the French Postal Service

<i>Trajectories</i> <i>Field of innovation</i>	“Custom-made services”
Organizational/relational /pure service trajectory	Custom made services Creation of new service packages Association de prestations existantes (package) ou innovantes Development of new functional department for this new demand Organization of partnerships in order to provide the service
Hybrid trajectory (material/informational /pure service)	Creation of new services based on informational technologies and logistical operations
Methodological trajectory	Development of methods in order to identify and process non-standardized demand, Development of business models for this demand

Results

- In terms of trajectories, for-profit public service networks tend to shift over time from an industrial innovation model to a service-oriented innovation model
- Enrichment of standardized services (with informational techniques)
- Standardized services to „mass custom made“ products for household
- „custom-made services“ for firms