# THE IMPACT OF SUCCESS FACTORS ON NEW SERVICES PERFORMANCE

## INTRODUCTION

In a global market economy, developing and introducing new services is essential for a firm's survival. Since companies cannot only depend on their current product offerings to meet their objectives, this practice constitutes one of the most important competitiveness factors (Froehle et al. 2000; Schilling and Hill, 1998; Odenboom and Abratt, 2000). Certainly, this practice can be considered a key issue in the services sector (Drew, 1995) given the complex conditions in the business environment as well as the high consumers expectations regarding the variety, quality and quantification of services (Froehle et al. 2000).

Despite their importance, sometimes new services fail, resulting in massive financial and strategic losses. Although some losses can be low (Davison et al. 1989), there are a great number of hidden costs that should be considered (Easingwood and Storey, 1993; Oldenboom and Abratt, 2000). In particular, risks referring to services innovation are specifically relevant, not only because of their distinctive characteristics but also because their success depends on customers´ reactions. From this perspective, managerial decision about services development becomes critical as it requires large inputs of capital and technology along with human and knowledge resources (De Brentani, 1995a).

The marketing literature has investigated this phenomenon for a long time and researchers have developed an increasing interest in the study of new services

development (NSD) processes. Although several works have been developed in order to determine which factors are most impactful on firm success, the literature on NSD is still scarce and usually based on the manufacturing sector (Oldelboom and Abratt, 2000). Also, whereas initial works observed that goods manufacturers and services providers focused on similar development activities in order to create and improve performance, recent works have demonstrated how the NSD processes should not exclusively be based on goods manufacturing processes (e.g., Kelly and Storey, 2000).

Therefore services management should be different when considering new services. Services and products differ in their intrinsic characteristics structure, which influences some aspects of the NSD process. Also, the development processes, the organizational structure and the life-time cycle are different for services (Griffin, 1997), which makes the development of different tasks and activities necessary (Atuahene-Gima, 1996a; Edgett, 1994; Johne and Storey, 1998; Martin and Horne, 1995).

This article focuses on the study of those processes that companies must observe in order to develop new services. Based on a comprehensive literature review, this work establishes five main categorical factors that can determine new services success. The identification and description of the processes and activities required to obtain and develop each factor constitute the main contribution of this work both from a managerial and an academic perspective.

The draw of this paper is as follows. First, the success factors on new services development processes are identified and established. Second, the processes and activities factors operationalization are described based on a complete literature review. Finally, conclusions, limitations and further research are outlined.

## KEY SUCCESS FACTORS IN NEW SERVICES DEVELOPMENT (NSD) PROCESSES

Recent studies have detected a number of traits that contribute to success in NSD activities. Although the number of factors mentioned is different depending on the considered work, all of them can be classified into different groups according to different criteria. In this research we present a classification containing five main groups. Table 1 presents this categorization.

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TAKE IN TABLE 1

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### Organizational culture

The first factor that can be mentioned is the organizational culture. Nobody disputes the importance of this factor to the organization since it contains the principles, the philosophy, the guidelines, the strategies, the activities, the cognitive processes and the behavioural system. This factor consists of the four different elements that will be described in the following passage.

The first element included within this factor is *the market orientation***.** Usually referred to it as one of the most important aspects in NSD processes, market orientation is influenced by: (1) the degree of newness to the company and customers; (2) the intensity of market competition and industry hostility, and (3) the stage of the product cycle life (Athuane-Gima, 1995). The concept of market orientation is frequently used to describe those organizational behaviours and activities that are an evidence for the adoption of the marketing concept philosophy (Jaworski and Kohli, 1994). Regarding this organizational culture, the consumer

orientation, the competence knowledge and the inter-functional coordination are considered fundamental guidelines (Narver and Slater, 1990; Slater and Narver, 1995). Also, when developing better products and services oriented to the new consumers needs, the company must create, maintain and disseminate a market intelligence information system (Athuane-Gima, 1996b).

The second element included within the organizational culture is *the quality approach*. Services quality has become a strategic issue for organizations since it rules not only the development and design of new services but also the strategies and activities that must be performed in order to create them. Quality is related to profitability, being regarded as a way of gaining market share, improving productivity, enhancing sales and creating barriers to new entries. Under this approach the main company's objective is to offer consumers superior value as well as a better services experience (de Brentani, 1991). However, as it can sometimes be an ambitious objective in the services sector, some authors suggest a variety of aspects that contribute to a reduction of he risk: the top management support, the quality policies, the programs at the strategic side (Forker et al., 1996), the customer-service personal contact intensity and the service customization (Athuane-Gima, 1996a).

*The top manager support* can be considered another relevant element within the organizational culture. This aspect involves both a long-term and a regular management perspective, along with the commitment and the support throughout the development processes (Athuane-Gima, 1996a). Different management categories can support the NSD processes (Martin and Horne, 1995). In either case, the top managers should be in command of those processes, otherwise they should be replaced by another management team that ensures that the ideas are carefully evaluated (Oldemboon and Abratt, 2000). Certainly, teams are more effective when

they have a concurring goal orientation, exhibit great integration and communication among all the members and are strong led and driven (Edgett, 1994; Kahn, 1996; 2001; Pinto et al. 1993). This issue is especially important indeed, considering the particular characteristics of services (intangibility, variability and perishability) and requires a great capacity of planning and control over all new services development processes (Athuane-Gima, 1996a; Khan, 1996; Oldelboom and Abratt, 2000).

The last element to be mentioned within the organizational culture, is the existence of a *strong innovation culture*. Related to market orientation (Kholi and Jaworski, 1990), the innovation culture is a key element for the company´s survival, and involves a continious search for sources of creating new value in a way virtually imprinted in their "corporate DNA" (Buckler and Zien, 1996). Companies with a strong innovation culture commonly share a set of characteristics, qualities and behaviours. In fact, some researches argue that it is possible to assure that there are seven key principles that define this kind of entrepreneurship culture (Zien and Bucker, 1997). Nevertheless, in spite of the fact that these principles are the same for all companies, each company's i*mplementation formula* is particular and specific. Then, each company customizes the principles for their own corporate culture by systematically implementing a set of practices throughout the whole organization.

The innovation culture is greatly influenced by top managers since the implementation of an innovation culture requires a strong manager support and a high involvement by senior managers as well as cross-functional teams with excellent internal communications (de Brentani, 2001). Therefore, top managers must create the optimal innovative ideas because their vision and their unique approach are fundamental in order to solve customer problems and in turn, to enhance the overall organization´s reputation. Besides this, innovation culture is very

important in the development of radical innovations (de Brentani, 2001). Radical innovations involve pioneering, risk-taking and developing entirely new competences, which defines the new services function. From this point of view, top managers should then encourage entrepreneurship, rewarding creativeness and risk-taking referring to services personnel.

**Marketing factors**

The second group of factors includes the marketing factors. Marketing factors include the marketing strategy used, the people´s knowledge, the distribution channel support and the operations management system (Storey and Easingwood, 1998). Other works also incorporate into this classification the firm's marketing capability, the front-line personnel, the market analysis resources and the ability to communicate with clients (de Brentani and Ragot, 1996).

Easingwood and Storey (1991) suggest that the communication strategy and the intermediary support should be considered the most important aspects of the marketing strategy. On the one hand, this type of communication has a great impact on the services success, not only because it lets consumers participate in the development processes but also because the company can communicate the services´ benefits through these processes (de Brentani and Ragot, 1996). This factor can also be considered essential as it may create a special image for new services, thus influencing the company´s reputation (Easingwood and Storey, 1991; Storey and Easingwood, 1996, 1998, 1999). On the other hand, the intermediary support also has a great impact on the services success. Companies can use intermediary networks as vehicles to exert a direct or an indirect control over the service creation and delivery system (Easingwood and Storey, 1991).

**Service factors**

The third group of considered factors refers to the service factors, including as essential elements the service advantage and the service-company synergy.

On the one hand, marketing literature supports the idea that the service advantage is one of the most successful factors in the NSD process. The product advantage refers to the differential benefits that customers get from the firm as the outcome of the innovation process (Athuane-Gima, 1995). Products that deliver a superior service outcome are competitive products, offer unique customer benefits, provide faster, more efficient and more reliable services, have a higher quality image, offer better value and are usually more successful. Though some experts have argued that this kind of opportunity is not easy to achieve for services, other researchers have not supported this idea (de Brentani and Cooper, 1992).

On the other hand, the service-company synergy constitutes a strong predictor of success. This construct is related to the degree to which the resources required to develop market innovations fit the firm skills. In other words, this factor involves the firm's ability to benefit from its existing delivery systems, human resources, sales, market research system and managerial skills (Athuane-Gima, 1995, Oldelboom and Abratt, 2000). This fit can result from several elements: the financial resources, the marketing expertise, the marketing resources, the delivery systems, the technology systems, the product assortment, the management expertise, the market research expertise and so forth (Storey and Easingwood, 1996). More specifically, literature recognizes two main types of service-company synergy: first, the innovation-market synergy, and second, the innovation-technology synergy (Athuane-Gima, 1996a). Whereas innovation-marketing synergy indicates whether the new service may take advantage of the current marketing skills and resources (e.g. sales force,

distribution, advertising, promotion, market research and customer service/delivery), innovation-technology synergy suggests whether the new service can make use of the current technological skills and resources (e.g. production and engineering).

**Market factors**

The next group of factors incorporates the market variables. This main group includes two basic aspects: the market potential and the service-market synergy.

Basically, the market potential is defined by the level of market´s growth and size (de Brentani and Ragot, 1996), the company market position, the level of customer loyalty and the satisfaction with existing brands, the degree of familiarity with the product class and the lack of competition in the marketplace (Cooper et al., 1994; Storey and Easingwood, 1996). As another determinant of the service´s success, this factor is used in most strategy models to allocate resources to new and existing businesses or products (Cooper and Kleinschmidt, 1995). Nevertheless, authors like de Brentani and Cooper (1992) consider its effects dropping out of the success formula when this factor is taken along with other factors in the services sector. One reason for this occurrence is that large and growing markets may not be as important to services as they are to physical products since development costs are often lower, and fewer clients are needed to assure success. Another reason argued by these and other authors is that service firms have learnt to cope with intensive market competition given the relative ease with which new services are imitated by competitors (Athuane-Gima, 1996a; Cooper and de Brentani, 1991).

Another factor included in this group is the service-market fit. This factor defines the degree to which the new service meets the customer's needs, wants and requirements (de Brentani and Cooper, 1992). Services with high service-market fit

are able to identify and satisfy customer needs clearly, responde to important changes in customer's needs or wants, and are consistent with customer's value and operating systems (Cooper and de Brentani, 1991). A strong market orientation is a fundamental factor that helps to achieve a service-market fit. A good knowledge of the customer and the development of a customer orientation make it easy to develop a strong company-customer relationship. In this type of relationship new services can be adapted to the customer needs and wants more precisely.

**Organizational processes**

The last group, called organizational factors, involves all the processes that are implemented for the correct development of a new success service. Basically, this group includes the new service development process and the creation of a performance measurement system.

The model developed by Cooper (1994) is of great interest. Under the denomination of stage-gate system**,** the model is both a conceptual and operational model for moving a new product from the idea stage to market launch and beyond. It is a blueprint for managing the new product process to improve effectiveness and efficiency (Cooper, 1994b, 1996). In that model the innovation process is broken up in predetermined stages or work stations.

The same authors support the idea that Cooper's model can be adapted for services (Cooper and de Brentani, 1991; Cooper and Edgett, 1996; Edgett 1994; Edgett and Parkinson, 1994). Thus, the model for explaining the NSD process can be defined as a stage-gate system.

Each step consisting of prescribed, multifunctional and parallel activities (Cooper and Kleinschmidt, 1995) is undertaken by people from different functional areas, working

together as a team and guided under one unique direction (Cooper, 1996). In order to manage risk via a stage-gate scheme, between each stage there is a quality control checkpoint or gate. They are the points where the path forward to the next play or gate of the process is decided along with resource commitments. Gate meetings are usually staffed by a senior manager from different functions, who own the resources required for the next stage by the teamwork. Each gate is characterized by a set of delivers or inputs, a set of exit criterias, and an output (Cooper and Kleinschmidt, 1993). Inputs are the delivers to a gate review, i.e. what the team delivers to the meeting. They are the results of the actions of the previous stage and are based on a standard menu of deliverables of each stage. The criteria are questions on which the project is judged in order to make the go/kill and prioritisation decision and include qualitative and quantitative indicators. Finally, outputs are the results for the gate review, the decision at the gate, typically a go/kill/hold/recycle decision, and the approval of an action plan for the next stage (Cooper, 1996).

Finally, flexibility is built in to promote acceleration of projects. In order to speed products to market, stages can overlap each other; long led time activities can be brought forward from one stage to an earlier one, projects can be proceeded into the next stage, even through the previous stage has not been totally completed; and stages can be left out and combined (Cooper and Kleinschmidt, 1995).

The NSD process contains the next steps: (1) Business and new service strategy development, (2) Idea generation; (3) Concepts development; (4) Business analysis; (5) Design of delivery process and system; and (6) Full preparation and market launch. Despite of this general model, the sector where the company competes, determines the way of the new service developed, and the importance given to every

stage. Actually, many authors support the idea that there are stages more important than others, or unless, that same stages should be developed more carefully and with an emphasis on efficiency if the company wants to achieve a new service success. Among them, it is possible to cite: proficiency in predevelopment activities (Atuahene-Gima, 1996a,b; Cooper and Kleinschmidt, 1995); quality of execution of marketing activities (Storey and Easingwood, 1996); sharp and early service definition (Cooper, 1994b; Cooper and Kleinschmidt, 1995); and launch effectiveness (Edgett, 1994; Edgett and Parkinson, 1994; Odelboom and Abratt, 2000).

On the other hand, another set of tasks in NSD are the gates. As we have previously seen, gates are the entrance to each stage, in other words, a checkpoint for a go or kill decision. A deep revision allows us to recognize eight essential gates:

(1) Evaluation idea generation

(2) Evaluation after concept development

(3) Evaluation after business analysis

(4) Evaluation after process and system development (functional testing)

(5) Evaluation after service market testing

(6) Evaluation after launch final preparation

(7) Evaluation after service launches (short term)

(8) Evaluation after service launches (long term)

Nowadays, literature recognizes that any type of measure and control system can be considered as a process itself. But, at the moment, there has been little interest in the measurement system needed to manage the product process (Pawar and Driva,

1999). Existing tools focus on strategic level, with a minimal involvement of the designer and developer activities. Furthermore, there is little evidence of research examining performance in design and develop context. Nevertheless, today managers recognize the impact that measurement and control systems have on performance (Kaplan and Norton, 1996 a,b, 2001). Thus, it is logical to consider that an effective measurement and control system must be an important part of the new service development process. The main objective of a performance measure system is to measure the way that company's objectives are being achieved during different stages of a new creation process in order to control NSD results and enhance its success and performance.

## SUCCESS FACTORS AND ACTIVITIES OPERATIONALIZATION

The latter factors guarantee the success both of the innovation process and the new service market launching. However, firms do not usually have those factors and must guarantee their presence by developing certain activities or particular processes.

Table 2 shows the activities and processes that firms must develop in order to guarantee any or all the mentioned factors.

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## CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

An increasing interest in the study of the innovation processes has emerged during the past decades. However, the literature regarding this topic in services sector is relatively scarce and based on knowledge from the manufacturing industry. Though it is contrasted that the experience obtained from the development of new products is necessary, it is still not enough to identify the influencing factors on a new service´s success. For this reason, several researchers suggest the convenience of the development of investigations in services innovation processes, considering not only the experience of new products´ development but also the distinctive characteristics of services.

The literature review gives evidence for the existence of a variety of different impactful factors on new services´ success. Though these factors can vary depending on the considered study, it is possible to identify clear relationships among them. In general, five categories of influencing new services´ success factors can be identified. However, since the presence of these factors is not guaranteed in the organizations, different activities and processes can guarantee it.

The first group of factors relates to the *firm´s organizational culture* and includes all the principles, approaches and orientations that guide the organizational philosophy, strategy and activities. In other words, the cognitive process, the internal function and the organization market behaviour. The second group includes the *marketing factors*, related to the organizational marketing skills regarding, among others, the development of a marketing new services strategy, the knowledge of the agents involved in the innovation processes directly or indirectly, the marketing channel support or the development of a managing operational system. The third identified group of factors incorporates the *services factors* and refers to the superiority and

differentiation of the new service in the market and the fit between the new service and the firm´s resources and abilities. Finally, the *market factors* include the market potential and the new service´s market fit.

Certainly, several empirical findings have shown the importance of the latter mentioned factors. Along with the existence of these factors, the development of processes also influences the new service´s success. Besides these, from the new services literature review it is possible to identify a new group of factors, the *organizational factors*, which refer to the development of processes oriented to the creation and guaranting of the correct development of new services. In particular, this latter group of factors is related to the set of tasks that are performed during the creation and launching of a new service, as well as to the evaluation process wich is parallelly developed to the previous process.

In spite of the existing differences between products and services, several researchers suggest the use of products development models in order to study of new services development. From this premise, the Cooper's model makes it possible to define the new services development process as a stage gate system. This model can be briefly defined as follows. On the one hand, a set of multifunctional and parallel activities are performed by every stage of the process. These activities are developed by personnel of different functional areas that work in a joint team under the supervision of a team manager. On the other hand, there are also performed activities called gates, which are located at the beginning of each stage and make it possible to decide wether to continue to the new stage or not. In these control gates, the process quality is analysed by functional managers who enjoy the required resources in order to develop the new stage process.

Nowadays, the strategic management literature recognizes that every control system developed by the firm can be considered as a process itself. Nevertheless, the interest on these control systems to the development of new products and services has been scarce. Although there are many more tools focused on the strategic results analysis, there are few works which have investigated the design and development processes of new services.

Nowadays, managers recognize the impact of measure and control systems on performance. Thus, general concern suggests that an effective measure and control system must be part of the new services development process. This stage gate system must be understood as an evaluation of new services processes parallelly performed to the new services development. The main objective of a performance measurement system is to evaluate the degree in which company´s objectives are achieved during the stages of the creation process, in order to control the new services development process and increase the success and performance.

This interesting issue opens a new and promising research direction. During the last years several control systems have been developed in order to measure the processes´ performance. However, all these systems have been heavily critisized and even discharged as they were unable to measure all multiple dimensions in a success development process. Aiming to respond to this problem, it is necessary to evaluate some of the proposed systems and analyse their adequacy and ability to be integrated into a stage-gate model.

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**Table 1. Success Factors in New Service Development**

| General factor | Name | Sub-factors | Research considering the factor |
|---|---|---|---|
| Organizational Culture | Market Orientation | Strong Consumer Orientation<br>Strong Company-Consumer Relationship<br>Competence Knowledge and Orientation<br>Marketing Intelligence<br>Interfunctional Coordination<br>Cross-Functional Teamwork | Atuahene-Gima (1995, 1996a,B); Bean and Radford, (2001), Bendapudi and Leone, (2003); Bowers (1989); Cooper and De Brentani (1991); Cooper et al (1994); Cooper and Edgett (1996); Cooper and Kleinschmidt (1995); De Brentani (1989, 1991, 1995a,B, 2001); De Brentani and Cooper (1992); Drew (1995); Easingwood and Storey (1993); Edgett (1994); Edgett and Parkinson (1994); Edvardsson et al (1995); Hillebrand and Biemans, (2004); Johne and Storey (1998), Kahn (1996, 2001); Langerak et al. (2004); Lilien et al. (2002); Martin (1996); Martin and Horne (1995); Odelboom and Abratt (2000); Ottum and Moore, (1997); Santoro (2000); Storey and Easingwood (1996, 1998); Vazquez et al (2001) |
| | Quality Approach | Quality Approach | Atuahene-Gima (1996a); Cooper and De Brentani (1991); Cooper and Edgett (1996); Cooper and Kleinschmidt (1995); De Brentani (1989, 1991, 1995a,B); De Brentani and Cooper (1992); Easingwood and Storey (1993); Edgett (1996); Edvardsson et al (1995); Odelboom and Abratt (2000); Storey and Easingwood (1996; 1998) |
| | Top Manager Support | Top Manager Support | Atuahene-Gima (1995,1996a); Bowers (1989); Cooper and Edgett (1996); De Brentani (1991; 1995a,B; 2001); Drew (1995); Easingwood and Storey (1993), Edgett (1994); Edgett and Parkinson (1994); Edvardsson et al (1995); Hillebrand and Biemans, (2004); Johne and Storey (1998) Martin (1996); Martin and Horne (1995); Odelboom and Abratt (2000); Storey and Easingwood (1996, 1998) |
| | Innovation Culture | Innovation Culture | Bean and Radford (2001); Buckler and Zien (1996de Brentani (1995a, 2001); De Brentani and Ragot (1996); Drew (1995); Johne and Storey (1998); Storey and Kelly (2001); Storey and Easingwood (1996); Zien and Buckler (1997). |
| Marketing Factors | Marketing Efficiency and Effectiveness | Marketing Support<br>Marketing Efficiency and Effectiveness<br>Execution Quality Of Marketing Activities<br>Communication Strategy Effectiveness<br>Intermediary Support<br>Strong Company Reputation and Image<br>Front-Line Personnel<br>Strong Marketing Research | Atuahene-Gima (1995); Cooper and De Brentani, (1991); Cooper and Kleinschmidt (1995); Cooper et al. (1994); De Brentani and Ragot (1996) Easingwood and Storey (1991, 1993) Edgett and Parkinson (1994); Storey and Easingwood (1993, 1996, 1998) |

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|---|---|---|---|
| | | Customer Participation | |
| Services Factors | Differentiation Advantage | Differentiation Advantage<br>Product Superiority<br>Technology Advantage | Atuahene-Gima (1995,1996a,B); Cooper and De Brentani (1991); Cooper et al. (1994); Cooper and Edgett (1996); Cooper and Kleinschmidt (1995); De Brentani (1989, 1991); De Brentani and Cooper (1992); De Brentani and Ragot (1996); Easingwood and Storey (1991, 1993); Oldemboom and Abratt, (2000) Storey and Easingwood (1993, 1996, 1998) |
| | Service/Company Synergy | Marketing Resources Fit<br>Technology Resources Fit<br>Human Resources Fit<br>Financial Resources Fit<br>Service Expertise | Atuahene-Gima (1996a); Cooper and De Brentani (1991); Cooper and Kleinschmidt (1995); De Brentani (1989, 1991; 1995a,B 2001); De Brentani and Cooper (1992); Edgett (1994); Edgett and Parkinson (1994); Storey and Easingwood (1993, 1996), Oldenboom and Abratt (2000), |
| Market Factors | Market Potential | Market Potential<br>Attractiveness<br>Market Growth<br>Attractive Company Position | Atuahene-Gima (1996a);De Brentani (1991; 1995a,B 2001); De Brentani and Cooper (1992); De Brentani and Droge (1985); De Brentani and Ragot (1996); Edgett (1994); Edgett and Parkinson (1994); Hart et al, (2003); Storey and Easingwood (1996) |
| | Services/Market Fit | Services/Market Fit | Cooper and De Brentani (1991); Cooper and Kleinschmidt (1995) |
| Organizational Process | Development Process | Formal, Complex and Proficiency Development Process<br>Proficiency Of Predevelopment Activities<br>Speed In The Development and Launch<br>Proficiency Launch Process<br>Quality Of Service Delivery. | Atuahene-Gima (1995, 1996a); Bowers (1989); Cooper and De Brentani (1991); Cooper and Edgett (1996); Cooper and Kleinschmidt (1995); Cooper et al (1994); De Brentani (1989, 1991; 1995a,B, 2001); Drew (1995); Edgett (1994, 1996); Edgett and Parkinson (1994); Griffin (1997), Johne and Storey (1998); Storey and Easingwood (1996, 1998);Storey and Kelly (2001) |
| | Performance Measurement System | Performance Measurement System | Brignall and Ballantine (1996); De Brentani (1989); Kaplan and Norton (1996 A, B, 2001); Hart et al, (2003); Neely At Al. (1997, 2000) Oldenboom and Abratt (2000); Pawar and Driva (1999). |

**Table 2. Processes and activities required to guarantee the presence of success factors in the organization**

| GENERAL FACTOR | NAME | SUCCES FACTORS OPERATIONALIZATION | ACTIVITIES FOR THE DEVELOPMENT OF THE FACTOR |
|---|---|---|---|
| ORGANIZATIONAL CULTURE | MARKET ORIENTATION | Organizational behaviours and activities that manifest the adoption of the marketing philosophy<br>Usually these consist of three activities:<br>Market intelligence generation<br>Market intelligence dissemination<br>Organizational response to the information | Development and use of the company human resources in order to get to know customer needs and preferences.<br>Deep analysis of market and the forces involved in a team<br>Coordination, elaboration and communication among different areas into the company. Cross-functional team.<br>Coordination between management and front-line employees during the development process. |
| | QUALITY APPROACH | All activities developed by the firm to improve quality of the new service through enhancement of its tangible and intangible aspects | High level of quality in the use of technology, functions and service delivery<br>Service quality evidence<br>Strong brand image<br>Quality of delivery |
| | TOP MANAGER SUPPORT | Top manager knowledge, confidence and support to any activity developed by the company | Right organizational structure<br>Connection and balance between marketing and technological activities<br>High level of knowledge about the potential benefits and the new service offers to the company<br>Top manager high level qualifications, knowledge, confidence and enthusiasm.<br>Regular management contact and encouragement as well as commitment of funds to the several stages of development. |

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|---|---|---|---|
| | INNOVATION CULTURE | Extent to which a company has an innovative corporate culture that fosters the development of a spectrum of activities that generate new customer value in the form of service and satisfactory return to the company. | Knowledge and anticipation of the customer needs and preferences, and competence behaviour.<br>identity as and innovative company<br>Experience in all functions, especially in the front-end.<br>Structure “really real” relationships between marketing and technical people.<br>Generate customer intimacy<br>Engage the whole organization<br>Never forget the individual<br>Tell and embody powerful and purposeful stories. |
| ORGANIZATIONAL PROCESS | SERVICE DEVELOPMENT PROCESS | Development of a stage-gate process in order to push a new service project through the various steps, starting from an idea to launch<br>It breaks the innovation process into a predeterminated set of steps. Each one consists on prescribed, multifunctional and parallel activities. The entrance to each stage is a decision gate, a checkpoint for a go or kill decision.<br>It is a multifunctional and parallel activity developed by people form different functional areas within the firm.<br>Some of these steps need to be developed in an efficience way.<br>Speed in the development and launch process is an important issue to succeed. Efficiency of the process is a key element. | Definition of a formal, complex and efficient development process.<br>Importance of the first steps developed during the process.<br>Defining the criteria to go or kill a project.<br>Information about the temporal preference of the consumers.<br>Direct overall consumer participation<br>Information about competence activities<br>Use of the information technology and market research<br>Direct overall customer participation |

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|---|---|---|---|
| | PERFORMANCE MEASUREMENT SYSTEM | Development a complex and multidimensional measurement system that ensures the performance of new service development process. Performance means the achievement of overall goals and objectives | Define and design of the gauges used in the measurement system.<br>Financial criteria<br>Competitive criteria<br>Market criteria<br>Company criteria<br>Service criteria<br>Legal criteria |
| MARKETING FACTORS | MARKETING EFFICIENCY AND EFFECTIVENESS | A strong company knowledge and support to all marketing activities developed during the new service development process.<br>Development of a communication and distribution strategy that make it easy the service knowledge and acquisition and could generate a positive service image. | Knowledge about the marketing strategy development<br>High support in the communication and distribution strategies.<br>High knowledge of the service and its value<br>Right definition of the company and service positioning<br>High and right knowledge and understanding of the consumer and competence<br>Enough resources devoted to marketing activities. |
| SERVICES FACTORS | DIFFERENTIATION ADVANTAGE | Offer a differentiated service that delivers unique benefits and superior value to consumer.<br>Unique attributes and characteristics for the consumer<br>Excellent relative service quality<br>Superior price/performance characteristics for customer relative to competitor products<br>Highly visible benefits<br>Unique attribute and characteristics for the customer<br>High quality image | Information about customer needs, wants, preferences, likes and dislikes.<br>Information about company and competence weakness and strengths<br>Information about company assumption about its winning services, process and system design<br>Superior delivery system.<br>Positive corporate image<br>Exhaustive market research<br>Innovation technology system |

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|---|---|---|---|
| | SERVICE/ COMPANY SYNERGY | The balance between the requirements of the project and the resources, skills and experiences of the company | Innovation fits with the company's existing service delivery system<br>Innovation fits with the firm's expertise and human resource capabilities<br>Innovation fits with existing management skills and preferences<br>Innovation fits with company's sales and promotional capabilities and resources<br>Innovation fits with firm's financial resources<br>Innovation fits with firm's technological resources<br>Innovation fits with the marketing research capabilities and resources<br>The expertise of the personnel that produce and deliver the service |
| MARKET FACTORS | MARKET POTENTIAL | The market capacity of growth and stability that offer the new service success. | Services obtain a high growth rate<br>Services obtain high growth rate market<br>Service obtain large pounds value market<br>A strong understanding of the customer wants and needs<br>A strong consumer need for the product |
| | SERVICE/ MARKET FIT | The extent to the service can satisfy customer needs | Satisfy clearly identified customer needs<br>Response to the importance changes in customer needs and wants<br>Service solves importance consumer problems<br>New service consistence with existing customer value and operating systems. |