



Royal College of Art

Embedding Service Design Practice within Service Innovation Process

from studio practice to business transformation at scale

NINGYI JIANG

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Abstract

Incorporating service design practice in service corporations for service innovation has been a rapid and popular development both in academic research and in professional practice in recent decades. However, a lack of understanding of corporate contexts in the service design discipline brings challenges in embedding the practice. It also leads to knowledge gaps in positioning the service design discipline for service innovation in corporate contexts.

This thesis starts by identifying the emergent contexts in which service design practice is happening. It then compares developments in practice and in theory to highlight the knowledge gaps in service design research, particularly regarding practice in the financial corporate sector. In addition, the review extracts current understanding of service design practice, in the context of innovation management, from design management literature so as to frame existing knowledge about corporate service innovation. Through synthesis, a set of research questions are generated to guide the research.

This was then followed by a participatory action research process. A bank in the UK was chosen as a field location. During the process of embedding service design practice into the bank, practice and projects were closely observed by the author of this thesis, and followed up with focus group discussion, semi-structured interviews with participants and data collection. Then thematic analysis was applied to analyse the data and to identify new findings in response to the research questions.

As a result, the research generated a contextual framework for embedding service design practice for service innovation in system firms. In addition, the research highlighted the challenges facing service designers at each level of this process of incorporation.

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Chapter I

Introduction

1.1 Overview

This thesis explores the corporate contexts and challenges encountered by service designers and their practice in a major UK bank. The aim of the thesis is to further develop service design practice for service innovation through better understanding of the corporate contexts in which it is embedded. Chapter 1 introduces the research background from five different aspects, including the personal journey of the doctoral researcher, the industrial and theoretical development of service design, service innovation in the UK banking industry, and the development of the service design studio at the Royal College of Art.

1.2 Personal background: the designer's journey

1.2.1 Becoming a designer to drive innovation

One aspect of this research is a personal journey. In 2014, I graduated with a master's degree in innovation management from Central Saint Martin (University of the Arts London). This course had increased my desire to acquire practical knowledge and skill in support and delivery of innovation in companies. It provided me with a foundation in innovation theories and the value of design therein. It led to my interest in becoming a designer and contributing to innovation. This doctoral research into the knowledge and practice of service design for service innovation, based at the Royal College of Art (RCA), arose from that interest. It tells the story of my personal journey to become a designer, to acquire service design practice, and improve practice aimed at services innovation.

1.2.2 Designing and design researcher

In the course of my doctoral research, I played two roles. On the one hand, I was new to service design practice and could not claim to be a service designer at the start of the research. However, from my first day at the RCA (see figure 1), I aspired to becoming a member of the community of service designers and to live and work with them. I attended all the lectures (see appendix 1) and activities, and the talks given by visiting service designers, and attended conferences, all of which served my goal and exposed me to service design practice.

On the other hand, I had to learn about and establish my role as a researcher. Unlike research in the natural sciences and social science, the researcher's position in design research is less rigidly defined and the discipline has a much shorter history (this is discussed further in the methodology chapter). At the RCA, and influenced by the design research tradition here, I was also inspired by Katie Gaudion's research on design for autistic adults (Gaudion, 2015), and Dan Lockton's work on design

for behaviour change (Lockton, 2013). These design researchers highlighted the unique influence of participatory action research in connecting different fields of knowledge and developing new knowledge for design practice. They shone a light on how designers and their practice could be positioned in another field which was not traditionally considered to be a field of inquiry for the design researcher. This inspired my interest in understanding how service designers positioned their design practice for service innovation. My positioning as a design researcher through practice was clarified further during my doctoral training and through interactions with peers at Imperial College Business School. Comparing their qualitative research positions made me appreciate, even more, what a design researcher does, uniquely, to generate new knowledge for design practice. My personal journey of discovery in dual roles as designer and design researcher had significant implications for this thesis research.



Figure 1. Service designers at the RCA service design studio.

1.3 Research context and theoretical background

1.3.1 Industry trends of incorporating service design

Alongside my personal story, it is necessary to consider the evolution of service design studies and practice during the period of my research.

This evolution has been marked by rapid and increased adoption of service design practice by large corporations in the UK. This emerging trend to adopt service design practice as an innovation capability was being made more visible through news of Mergers and Acquisitions (M&A) involving major service agencies, and leading global management consultancies. By 2018, service design agencies, such as Fjord and Seren, had been acquired by Accenture and EY respectively. The industrial news report from Consultancy UK estimated major consultancies, such as McKinsey, Accenture, EY and Deloitte had collectively spent over £1.2 billion globally on M&As of design and creative agencies to enhance their offerings for service innovation through digital and organisational transformation (Consultancy UK, 2018). It is estimated that over 70 design agencies were acquired between 2014 and 2017 (O'Connor, 2017). This phenomenon of incorporating design capabilities within big organisations does not stop at the consultancy businesses. Large organisations, such as Google, Facebook and Amazon, have seen a 65% increase in hiring of in-house designers (Maeda, 2017). Financial corporations, for example, overall constituted 80% of business for service design consultancies globally in 2015 (Buley et al., 2015). This trend of adopting service design practice within large organisations, either through M&As, direct hiring of in-house design talents, or buying design consultancy services, forms the background of this doctoral study.

1.3.2 Service innovation in the banking industry since 2008

Apart from the trend of service design incorporation observed above, there was another industrial background for this study. In 2008, the major developed economies

and, especially, the UK, were hit by the global financial crisis. Many UK sectors, including the financial industry, were forced to undergo structural reform including budget cuts, redundancies, digital transformations and regulatory changes. Major UK banks, such as RBS and Lloyds, were bailed out by the UK government with £50 billion of public money to avoid the collapse of the financial sector (Wintour, Treanor and Seager, 2008). This resulted in years of economic recession in the UK (Office for National Statistics, 2018). In order to respond to the public interests of the government bailout, banks have undergone major organisational changes over the last ten years (Davies, 2018). Greater regulation of financial conduct in banking sector has been introduced since 2008. For example, the introduction of Open Banking by the Competition and Markets Authority in 2018, seeks to reform how banks share the financial data of customers and is likely to further disrupt the services offered by incumbent financial service providers and trigger disintermediation with customers.

This social, economic, technological and regulatory background to the banking industry has put pressure on the major corporations to pursue innovations to respond to the disruption. The major banks have launched new digital services such as Barclays Pingit (a peer-to-peer payment app), and introduced new digital departments such as Barclays Eagle Lab to pursue digital advantages in the competition. In an interview with the Financial Times in 2016, the chief executive of Barclays at that time shared this immense pressure of innovation, saying 'I'm paranoid... I look at big banks, I look at challenger banks. I look at everybody, to stay ahead of the game' (Dunkley, 2016). Yes, indeed, since 2008, the introduction of new technological advancement, such as smartphone, mobile apps, 4G networks, machine learning, internet of things and artificial intelligence, have enabled a wide set of technological and digital applications for financial services. In an industrial report commissioned and published by the UK Ministry of Trade and Investment in 2014, these technological advances in financial services, namely Fintech, are estimated to be worth £20 billion revenue as an emergent sector (EY, 2014). Fintech is also acknowledged as a national interest by the former Chancellor of the Exchequer, George Osborne, on his announcement to build the UK as 'global capital of fintech' (EY, 2016). Hence, for major banks in the UK, these

factors set the background of their pressure for service innovation.

In addition to technical advances in service innovation, other service innovations have been less visible. For instance, digital transformations have involved reconfiguration of internal processes and assets to provide improved service. The major UK banks have reconfigured their retail branches in terms of their functions and location, to improve efficiency via new digital services. The CBI & PWC estimate that 100,000 jobs were cut between 2008 and 2011 in the UK financial sector to optimise internal efficiency (Monaghan, 2012). In addition, further regulatory uncertainty for the banking sector associated with Brexit was estimated by the Bank of England to result in further organisational restructuring with 75000 jobs lost (Ahmed, 2017). This phenomenon of systematic changes related to service innovation in various parts of the financial services sector has been highlighted in the literature as the complex context for service innovation in large corporations (Salter and Tether, 2013).

1.3.3 The challenge for service design practice

Against this background of service design adoption and service innovation in financial services, there are increasing challenges for service designers and their practice. In service design studies, several authors (i.e., Junginger, 2009; Bailey, 2012) suggest that service designers do not have sufficient understanding of the organisational contexts to which their service design practice and outputs contribute. Others highlight problems of implementation, where new service concepts developed by service designers have failed to be implemented (Sangiorgi, Prendiville, Jung and Yu, 2015). These studies provide information on the need for service design practice to be developed further and adapted to the context of the organisation implementing the practice.

Since 2014, few studies have addressed this issue of contextualising service design practice (i.e., Aricò, 2018; Lima, 2017). Current service design studies only consider the organization concerned in a limited way, such as assessing the readiness for

service design practice, and do not differentiate or develop service design practice to fit the corporate context.

Traditionally, this is the topic of design management studies. In the context of manufacturing businesses, influential authors such as Mark Oakley and Peter Gorb have published extensively on how to manage design capabilities, such as industrial product design, corporate identity design, environmental design, development of new products, new corporate strategies and brand experiences (Oakley, 2013; Gorb, Schneider and School, 1988). These earlier works in design management helped both external and in-house design consultants to understand the corporate context and its role in new product development.

However, compared with industrial design and manufacturing, service design and services represent a relatively new area for further development. Apart from the work of Bill Hollins (Hollins, Blackman and Shinkins, 2003; Hollins and Hollins, 1991), the design management literature has not yet sufficiently addressed the contextualisation of service design practice in the corporate context and how it should respond to corporates' service innovation. Key issues, such as the location of design capability in terms of the organisational structure, have largely been ignored. Which departments and business units do service designers work in? What kind of the team environment are service designers placed in? Which stage of new service development do service designers work for? These kinds of the questions have not yet been sufficiently explored and answered in the existing service design studies. However, researchers started to observe that variations in organisational conditions and context, inevitably have an influence on the application of service design practice (Junginger, 2014).

As a service designer myself, I was often working in less than ideal organisational conditions, but made every effort to conduct and adapt my design practice to contribute to and enable service innovation. This might be common to many service designers who are assigned to supporting new service development, regardless of organisational contexts. Few might have the power to refuse the jobs. Many service

designers working on the development of new services are concerned not with whether or not to take up the challenge, but rather with how to improve their practice in the context of a New Service Development (NSD) project. This perspective of being a service designer in such a situation is a key aspect of this study, because it shifts the question of managing service design practice from a managerial perspective, to a question of how the designer can adapt to these different and often less than ideal conditions. From the perspective of service designers, what kinds of organisational context matter for service design practice? What new design knowledge is needed to adapt to these contexts? These are practical questions that, so far, have not been addressed.

Hence, this thesis enquires into design practice in an organisational context. It addresses questions related to the context in which the service designer is embedded and the challenges therein for their design practices.

1.3.4 The research opportunity at the RCA service design studio

Having explained the macro background of this study, there is a micro background, the service design studio at Royal College of Art (RCA) in the UK, where this doctoral research took place since late 2014. The RCA service design studio was established in 2012 following a successful UK government innovation initiative called the 'Design London' programme, with Imperial College London. The RCA service design studio offers master's and doctoral studies in service design in the form of structured academic programmes as well as practical experiences (course module examples can be found in appendix 1). It has also engaged in various collaborations and partnerships with different kinds of organisation to deliver design capabilities for services innovation. This doctoral researcher joined the RCA studio in late 2014 and started the service design training and research training at that time. During the same period, the studio began a partnership with a major UK bank, for purpose of confidentiality referred here as HJ bank, to incorporate service design practice as a core service innovation

capability. At that time, a partnership of design practices with a financial corporation was still a novelty in relation to both service design practice and research. The novelty of such a partnership in the bank, and within the financial services sector more generally, was important background for this research and became central to this doctoral study. Access was granted to investigate the context and issues of service design practice with an aim to improve service innovation practice in the corporation.

1.4 Research aims and questions

In order to participate in the research opportunity at the RCA service design studio and its partnership with HJ bank, a set of research aims, questions and objectives were developed to guide the research. The aim of this thesis is to further develop service design practice for service innovation through better understanding of the corporate contexts in which it is embedded. This research aim aligns with the personal goal of becoming service designer and design researcher, as well as fulfilling the aim of the RCA studio's partnership to incorporate service design practice in HJ bank. With this in mind, a participatory action research approach was adopted, joining the partnership as a service designer as well as a service design researcher, supporting the partnership development. This research approach combines the different backgrounds mentioned earlier. A more detailed methodological discussion follows in Chapter 3.

Given these research aims, the research questions underpinning this thesis are:

(RQ1) In what corporate contexts is service design practice adopted in the UK's financial service sector?

(RQ2) What are the challenges for service designers and their practice of service innovation in banks?

The first research question seeks to understand the environment in which service design practice is embedded. The second question focuses on the contextual challenges for service designers and their practice in such a corporate environment. A further explanation of this research is given in Chapter 2.

1.5 The structure of the thesis

Following Chapter 1, the Introduction, the thesis comprises the following chapters:

Chapter 2 (Literature Review): contextualises service design practice in industry and, especially, in the corporate sector, examining the academic literature related to service design, design-led innovation and innovation management. This reveals a gap in knowledge about service design practice in the corporate context. In addition Chapter 2 conceptualises what design knowledge is and proposes a theoretical framework for the construction of new service design knowledge in a corporate context.

Chapter 3 (Methodology): describes the ontological and epistemological positions of the researcher and the research methodology. It discusses the need for this kind of research and contextualises service design practice in the area of corporate service innovation. It describes how this doctoral research develops new knowledge through participatory action research.

Chapter 4 (Three Projects): introduces the three design projects and their organisational contexts.

Chapter 5 (Discussion): discusses and analyses the findings in the context of the literature. It provides new knowledge in relation to contexts in which service design practice is embedded.

Chapter 6 (Conclusion): discusses the findings and highlights some limitations and opportunities for further service design research.

1.6 Summary

Chapter 1 has provided an introduction to the background of this doctoral research, highlighting the personal journey of being a service designer and design researcher, the industrial trends of service design incorporation and service innovation in financial services in the UK. It also introduces the development of service design studies and research into practice in diverse organisational contexts. In terms of the research opportunity, this chapter has also highlighted the unique opportunity to enquire into service design practice and its contexts at the RCA service design studio and in partnership with HJ bank. Research aims and research questions are outlined and will be further discussed in Chapters 2 and 3.

Chapter 2

Literature Review

2.1 Chapter overview

Chapter 2 reviews service design practice and research over the last ten years, highlighting the gap between theory and practice in service design. The first part of the review contextualises service design by sector and by type of organisation. The second part then discusses the contextualisation of service design in innovation in large corporates, reviewing related literature, and highlighting the contexts of innovation strategies and challenges. Section 2.4 develops this further, drawing on several bodies of knowledge from the service design and design management fields. It provides a review of the service designer's role in the team, the location of service design in the organisational structure, and its methodological position in terms of new service development frameworks. Finally, a summary of key findings from Chapter 2 is provided in Section 2.5, highlighting the gap in knowledge and the research questions emerging from the literature review.

As a part of this introduction, the next two sections (2.1.1 and 2.1.2) further explain the goal and the scope of the literature review.

2.1.1 The goal of the review

The objectives of this literature review are two-fold: first, to highlight the gap between professional practice and academic research and identify new professional design research activities; and second, to identify gaps in knowledge about new design practices in the current service design literature.

The research gap

The first part of the review seeks to apply different lenses – sectoral, organisational type, organisation function, and topic - to compare service design practice and research.

In so doing, we can identify an emerging phenomenon in service design practice in the financial sector, that has been overlooked by research. This research gap then leads to a focus for this investigation of service design practice in the context of services innovation in large financial corporates.

The knowledge gap

The second part of the review examines the current design knowledge in the literature. It contextualises the service design knowledge through three lenses: research type, context and subject matter.

We conclude that there is a gap in the service design literature concerning large corporations' services innovation.

2.1.2 Review scope: Service design practice and research

Since 2014, during the course of this thesis research, both practice and research in the field of service design have progressed. The initial review was conducted from 2014-2015 and was aimed at identifying a gap in the research, not at providing a

comprehensive picture but rather finding a direction for this research.

The review of service design practice relies on secondary data from an industry report published by Forrester (Buley et al., 2015) and an online case study of five leading UK service design agencies in 2015 (see Figure 4). The Forrester report is based on an online survey of 71 service design agencies and provides an overview of the service design agency landscape and its practice. The 133 online case studies gathered in 2015 from Fjord, Engine, Live|Work, Seren and Nile, offer a glimpse of where service design practice takes place, by sector and type of organisation. These two sources of data highlight sector and, organisation practices categorised by topic.

It should be noted that some of these online cases provided directly by the service design agencies may have been aimed at establishing reputation and attracting potential clients, and therefore may not provide a completely objective view of the value and impact of service design practice. However, fully aware of this potential bias, this review of the online cases focuses only on mapping the types of clients and projects, so as to understand the contexts of service design projects, and highlight emergent ones. Apart from the information published by service design agencies, there was little information available at that time from the large corporations in terms of internal service design practices. For this reason the review was limited to service design agencies and their consultancy services.

In terms of the development of service design research, this review focuses on the journal publications, academic reports and doctoral theses. This scope includes the key service design scholars, such as Professor Birgit Mager and her works (Mager, 2009, 2016, 2017, 2019; Mager and Sung, 2011; Mager and Evenson, 2008; Manhaes, Oertzen, Mager and Tanghe, 2017; Oertzen, Mager and Odekerken-Schröder, 2017), Dr. Daniela Sangiorgi and her works with her PhD student Eun Yu (Sangiorgi and Prendiville, 2014; Sangiorgi, Prendiville and Ricketts, 2014; Yu and Sangiorgi, 2017a; Junginger and Sangiorgi, 2009; Yu and Sangiorgi, 2014; Sangiorgi, 2010; Meroni and Sangiorgi, 2012), Dr. Sabine Junginger (Junginger, 2009; 2015,

2008, 2014; Junginger and Bailey, 2017a; Junginger, 2018), Dr. Lucy Kimbell (Kimbell, 2009b, a; Kimbell and Blomberg, 2017; Kimbell, 2010; 2009a, 2015c), Stuart Bailey (Bailey, 2012, 2013), Dr. Qian Sun (Sun and Runcie, 2016; 2019), Dr. Qin Han (Han, 2010a; 2009), Filippa Lima (Lima, 2017), Bill Hollins (Hollins, Blackman and Shinkins, 2003; Hollins, 2008; Hollins and Hollins, 1991). These scholars represent the key active researchers in service design studies particularly in the UK and EU. There has not been any significant quantify of work on this topic in the US. However, this review also includes the key researcher Dr Jeanette Blomberg from the US, who publishes on service design for organisations (Blomberg and Darrah, 2015, 2014).

Apart from the key scholars, we also derived data from two academic reports funded by the Arts and Humanities Research Council 'AHRC' (Sangiorgi, Prendiville and Ricketts, 2014; Sangiorgi et al., 2015). Despite the scope limit for the UK council, these two academic reports provide a systematic review of the existing research and literature in service design, which serve the purpose of helping this review to find a research focus.

After identifying the gap between practice and research in service design, the review then focuses on the organisational context of corporate service innovation. The next stage, provided in sections 2.3 and 2.4, examines the links between knowledge in service design practice and literature on service innovation and design management.

In terms of innovation management studies, section 2.3 introduces the key literature related, particularly, to the service sectors. First, it includes the innovation strategy literature and works linking service design practice to that strategy. Second, it summarises the problems related to innovation management and links them to service design related issues, thus highlighting the context of service design practice from the innovation studies.

Section 2.4 introduces the key discourses regarding the organisational context of design management studies. It discusses the current literature on the location of

service design capability in organisational structures, including the role of designers and the management of design resources. Then it provides a review of design positioning at the level of project frameworks for New Services Development (NSD) and links with current knowledge of the project development process.

The links between the innovation management, design management and service design literature highlight current knowledge and the gaps related to the positioning of service design practice in relation to services innovation in banks.

2.2 Service design research

2.2.1 A brief early history of the service design discipline

Its academic origins

The history of service design practice as a discipline is relatively young (Curedale, 2013). According to the Design Dictionary (Erlhoff and Marshall, 2008) published by the Board of International Research in Design (BIRD), service design does not exist as a concept until the early 1990s. Thanks to the economic transformation from manufacturing to services in western industrial countries, service design as a concept started to emerge (Erlhoff and Marshall, 2008).

The influence of several disciplines is evident at the origin of this young academic field. In management studies, services marketing literature from the 1980s and 1990s (Shostack, 1984) is widely cited for its theoretical framework, Service Blueprint, and its influence on service design practice. G. Lynn Shostack, a CitiBank executive, first published in the Harvard Business Review and introduced Service Blueprint as a framework to visualise and understand service operation. In service operational studies around the 1990s and 2000s, a management scholar Bill Hollins also influenced service design through his introduction of Total Design into service operation (Hollins and Hollins, 1991). Following his unfortunate death from cancer, his influence on the service design community has received heartfelt acknowledgment from the founder of Engine (one of the first service design agencies in London) as the grandfather of the service design movement, upon his eternal rest (Samperi, 2015).

In addition to influence from the management field, service design as a design discipline has also grown rapidly thanks to the theoretical contribution of other design fields. Professor Birgit Mager, who has held the first European professorship for service design since 1995 at Köln International School of Design, has introduced other design theories to the field of service design, ranging from human-centred

design principles to service as a design object (Mager, 2009; 2016; KISD, 2019; Mager, 2019). According to Design Dictionary published by BIRD, other disciplines such as product design and interactive design (Kimbell, 2009b), design thinking (Brown, 2008) and participatory design (Schuler and Namioka, 1993) have helped service design to build a formal language to describe and guide its practices through human-centred design principles and various visualisation and prototyping techniques (Erlhoff and Marshall, 2008).

As a part of early academic development, several early doctoral researchers and their PhD theses have also helped establish service design as an academic field. Between the 2000s and early 2010s, scholars such as Sabine Junginger (Junginger, 2003), Daniela Sangiorgi (Sangiorgi, 2004), Valerie Carr (Carr et al., 2009), Qin Han (Han, 2010a), Fernando Secomandi (Del Caro Secomandi, 2012) started their doctoral research into the design of services and generated some of the first PhD theses in the field of service design. In 2012, the Royal College of Art also started its first PhD research programme into the field of service design, with the first cohort of doctoral researchers: Helena Polati Trippe investigating service design practice for public housing and Nicolás Rebolledo Bustamante developing service design practice into a policy lab in the Chilean government. Founded by Professor Rachel Cooper at the University of Lancaster, Imagination Lancaster was another important research centre for service design at that time in the UK, attracting early-career service design scholars such as Daniela Sangiorgi and Sabine Junginger to work and lead service design research there. As a research example from Imagination Lancaster, a service design report (Sangiorgi, Prendiville and Ricketts, 2014) commissioned by the Art and Humanity Research Council has mapped out service design research in the UK at that time.

Looking beyond the early literature in English, it is also worth mentioning other key European scholars and their works in other languages that have led the early history of service design as an academic field. At Köln International School of Design (KISD), Professor Birgit Mager has been published since early 1990s in German and

English (KISD, 2019) and Professor Ezio Manzini at the Architecture of Politecnico di Milano has also been a pioneer leading academic development in Italian (Pacenti and Sangiorgi, 2010). In Sweden, Fabian Segelström has been investigating stakeholder engagement in service design at Linköping University (Segelström, 2013; 2011) and Katarina Wetter-Edman has focused on her PhD work on service design methods in value exchange (Wetter-Edman, 2014; Wetter-Edman, Vink and Blomkvist, 2018). In Portugal at the University of Porto, Lia Patrício has been publishing in journals around service design methods and connections to service innovation (Patrício, Gustafsson and Fisk, 2017; Patrício, Fisk and Mager, 2014; Patrício, de Pinho, Teixeira and Fisk, 2018; Patrício and Fisk, 2013). In the Netherlands, researchers such as Marc Steen and Giulia Calabretta at Delft University of Technology have researched into the process of design in new service development and innovation (Calabretta, Lille, Beck and Tanghe, 2016; Steen, Manschot and De Koning, 2011a). In 2009, a series of short journals were published in a book called *Designing Services with Innovative Methods* (Miettinen and Koivisto, 2009), featuring those early European scholars' work. It is important to recognise and acknowledge that these researchers and their works in different languages are also a part of the early history of how service design has become an academic field.

With the development of academic research, service design has become a higher educational degree in many art and design universities. Various higher-education institutions in the UK and EU are offering degrees in service design and provide service design graduates for the employment market in design agencies and other service sector organisations (Fayard, Stigliani and Bechky, 2016; Sun and Runcie, 2016). Service design practice as a discipline and as a profession has been recognised as a growing field by both scholars and practitioners (Erlhoff and Marshall, 2008; Mager, 2009; Meroni and Sangiorgi, 2012; Sangiorgi and Prendiville, 2014).

The first cohort of practice and practitioners

The development of this design discipline has been driven by practice since the early

2000s, echoing the wider economic and technological context of the time. Many western industrial countries have moved their economies from manufacturing to services. By 2016, for example, the services sector comprised almost 80% of the UK's economy, including professional services firms and financial services (Cadman, 2016). Since the 2000s, the services sector has experienced major technological and economic disruptions. Digital transformation, driven by the introduction of ubiquitous digital services ranging from web search engines and Android OS offered by Google, Apple's iPhone, Samsung's smart devices, Amazon's online commerce and the widespread use of Apps powered by cloud computing, has transformed how services are experienced and delivered. This has set the technological context for service innovation and transformation and the introduction and application of service design practice. Economically, the 2008 financial crisis also set the stage for massive reorganisation of both public and financial services in countries like the UK, which asked for a new approach to delivering services under the austerity policy.

In this macro environment, pioneering service design agencies (e.g. Live|work, Engine, Fjord) were established to offer design capabilities to respond to growing demand for services, including from the hospitality, utilities, healthcare and public service sectors. As their commercial practice has progressed, more and more online project examples are updated in their company blogs. In other publications, there are some interesting articles published in the early days of those service design agencies. A book by IDEO founder Bill Moggridge describes the new movement in design practice (Moggridge, 2007): three founders of Live|Work, namely Chris Downs, Ben Reason, and Lavrans Løvlie, are interviewed and share their stories of how they started one of the first service design agencies in the UK. This interview reveals the professionalisation of the agency practice in service design in different commercial and public settings. Another important source of literature can be found in the journal *Touchpoint*, founded by Professor Birgit Mager in 2009. Each volume features different topics encountered by service design practitioners, thus providing a good historical record of how professional practice has developed.

Apart from these agencies, practitioners' networks also provide a professional community for the growth of service design practice. There are several important professional communities worth mentioning here. The Service Design Network (SDN) founded by Professor Birgit Mager is one of the first international communities for service design professionals. It holds an annual conference that attracts professionals to share their practices in presentations and networking sessions. Talks are shared publicly on SDN's YouTube channel and are a good source to understand service design practice in action. In addition, SDN also publishes Touchpoint and several annual reports (e.g. Mager, 2016, 2017) on service design practice in industry. These provide an important catalogue of practitioners' reflections, case studies and also dialogue between practice and theoretical frameworks in service design. Global Service Jam is another international community that provides an opportunity for service design professionals to gather. Unlike SDN, it primarily provides a two-day hackathon for service designers to work in teams and to solve a brief. This allows professionals to meet and exchange their skills and knowledge in person. Apart from these international communities, the UK's Design Council, a charitable organisation, also contributes to the professionalisation of service design through its engagement with professionals and its reports on service design methods (e.g. Design Council UK Technology Strategy Board UK, 2011; Design Council UK, 2018a). In summary, these professional communities have been an important source for peer-learning and networking.

Recent development of service design

Since 2015, the field of service design has progressed significantly. There are several emergent trends in terms of practice. Firstly, more and more independent service design agencies have been acquired by large international management consultant firms. For example, service design agency Seren was acquired by EY in 2015, following acquisition of Fjord by Accenture in 2013, and Designit by Wipro Digital in 2015. In the public sector, FutureGov was acquired by The Panoply Group in 2019. Integrating service design with wider management consulting practice has become an emergent

trend in the development of the field. Secondly, the service design industries have become increasingly specialised both by sector and by output. Agencies such as WeAreSnook and FutureGov have become predominantly focused on the public sector while Engine has specialised in aviation and hospitality. This trend of specialisation features in several industry reports published by SDN (e.g. 2016, 2017). Thirdly, there is a movement to embed service design as an internal capability within organisations. In the UK, organisations such as the central government and local authorities have been recruiting service designers to join their internal teams, offering training, creating departments such as the Government Digital Service (GDS) and Policy Lab, to utilise service design practice (Downe, 2020). In 2014, the creation of a service designer role in the UK government was pioneered by the GDS co-founder Ben Terret, hiring Louise Downe who previously worked as service designer at the agencies Engine and Seren, as the first to have the job title of service designer in the UK government. By continuously sharing their practice and thinking on GOV.UK (Downe, 2016a, b), the teams at GOV.UK paved the way for embedding service design in governmental organisations in the UK. In Europe, the formation of innovation labs in corporations (e.g. telecoms, aviation) has also seen the movement in-house of service design practice, which has been examined by Birgit Mager and other European researchers (Mager and Moussavian, 2017). This trend forms important background for this research, setting the scene for a high-street UK bank incorporating service design into its new service development process.

Academically, there has also been significant progress in service design as a research subject. Special issues in peer-review journals and academic conferences dedicated to service design have been a notable phenomenon since 2014. In 2015, *The Design Journal* published a special issue highlighting the emergent discourse in service design research and calling for a more contextual approach (Sangiorgi and Junginger, 2015). In 2018, *Design Studies* also dedicated a special issue to service design, acknowledging growing academic interest in service design research and its connection to service innovation (Secomandi and Snelders, 2018). The Service Design and Innovation Conference (ServDes) and Service Design Global Conference

have been becoming increasingly popular, attracting both academic participants and papers, enabling the expansion and prioritisation of service design research (Manhaes et al., 2017; Sun, 2019).

2.2.2 The research gap by sector

The public sector as a key research focus

In terms of sectoral contexts, academic studies in service design to date have been largely focused on the public sector and especially healthcare. The Service Design Network founder, Professor Birgit Mager, has authored two special service design impact reports focusing on the public (Mager, 2016) and healthcare sectors (Mager, 2017). Responding to the Arts and Humanities Research Council (AHRC) call in understanding the service design research, leading academics in the UK published a map of the research landscape and various sectoral studies (Sangiorgi et al., 2015; Sangiorgi, Prendiville and Ricketts, 2014). The AHRC funded report, Mapping and Developing Service Design Research in the UK (2014), provides a map of existing academic research in the UK (see figure 2), highlighting a strong emphasis on the public and healthcare sectors (Sangiorgi, Prendiville and Ricketts, 2014). There is little research, however, on the financial sector, for example.

Apart from the reviews mentioned above, academic work on service design articulating specific sectoral positions seems less obvious. Several publications describe and clarify the sectoral positioning of the research, for example, Sangiorgi (2015), Junginger (2015, 2014), and the UK Design Council (The Design Commission, 2013; Design Council UK, 2018b). However, most key publications, particularly early ones, do not seem to differentiate between sectors, but draw generalised conclusions on service design practice and methods (Steen, Manschot and De Koning, 2011b; Clatworthy, 2011; Segelström, 2013; Han, 2010b), service design processes (Yu and Sangiorgi, 2014; Sangiorgi, 2010) and service design outputs (Kimbell and Blomberg, 2017; Junginger and Sangiorgi, 2009).

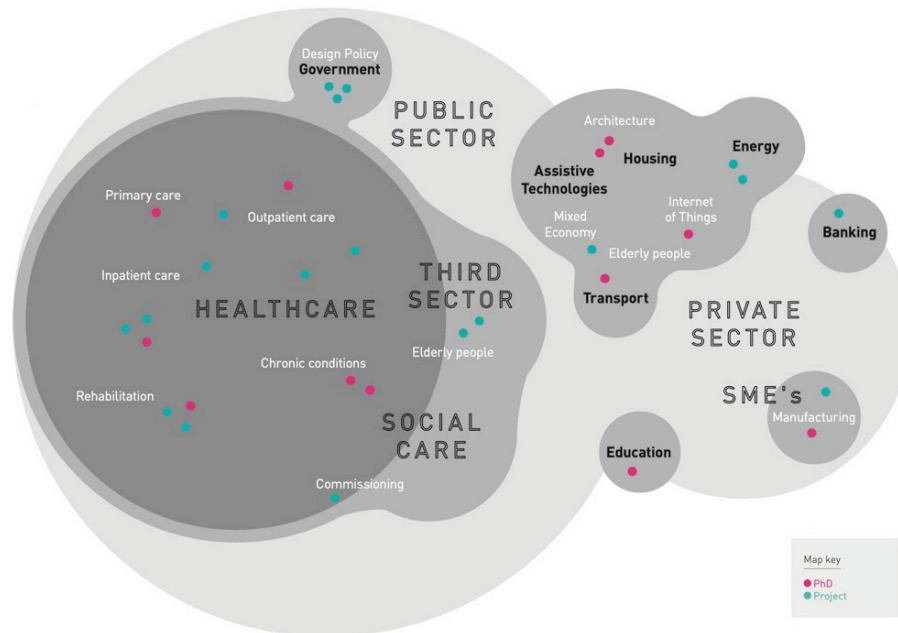


Figure 2. The sectoral focus of the service design research landscape
Source: Sangiorgi, Prendiville and Ricketts, 2014.

Since 2015, there is an emerging trend of sectoral differentiation whereby service design practice is more specialised and deals with specific organisational discourse (i.e., Junginger, 2015), including research on the public sector (e.g. on public services, policy making, healthcare services) and in the private sector (e.g. banking). Prominent academic research in service design focuses on organisational issues in the public sector (i.e., Deserti and Rizzo, 2015; Junginger, 2015). Although there is a lack of research on the private sector, there is a trend towards more specialised research responding to sectoral differences in practice, providing indications of where more service design research is needed.

Financial services as a top client for practice

While service design research has mostly concerned the public sector, service design practice is developing progressively in the private sector. In 2015, Forrester

published a global report on service design agencies and its clientele (Buley et al., 2015). Through an online survey of 70 global service design agencies, they concluded that private-sector clients are the largest buyers of service design agencies' services. More specifically, the report highlights that financial services are the main client for 85% of service design agencies (Buley et al., 2015). It concludes that service design as a profession is increasingly becoming a non-homogeneous discipline, diversifying its practice for innovation in different organisational contexts (Buley et al., 2015). This industrial report also resonates with some of the early analysis of this doctoral research. In 2015, this researcher started to collect online cases published by major service design agencies in the UK. These agencies, including Fjord, Engine, Seren, Live|work and Nile, have been considered to be amongst the first service design agencies in the UK (Han, 2010a). The aim of the analysis was to understand their service design practice by sector and the type of client. Over 133 online cases from these five agencies were collected during early 2015 (see figure 3). Of these, 117 cases, representing nearly 88%, were for clients from the private sector. These included major service sectors, from financial services, telecommunications, media, energy, transportation and private healthcare.

Project code	Links	Design Age	Client name	Countries	Sectors	Type of service organisation by Bru
barnet-council-service-commissioning-model	http://www.engine.design	Engine	The London Borough of Barnet	UK	Public sector	System Firm/Public
kcc-designing-services-with-citizens	http://www.engine.design	Engine	Kent County Council	UK	Public sector	System Firm/Public
kcc-gateway-service-culture	http://www.engine.design	Engine	Kent County Council	UK	Public sector	System Firm/Public
kcc-social-innovation-lab	http://www.engine.design	Engine	Kent County Council	UK	Public sector	System Firm/Public
kids-korean-service-design-training	http://www.engine.design	Engine	Korean Institute of Design Pr	South Korea	Public sector	System Firm/Public
MIGRI	http://www.fjord.com	Fjord	The Finnish Immigration Servi	Finland	Public sector	System Firm/Public
public-services-in-buckinghamshire	http://www.engine.design	Engine	Buckinghamshire County Cou	UK	Public sector	System Firm/Public
southwark-policy-platform	http://www.engine.design	Engine	Southwark Council and South	UK	Public sector	System Firm/Public
Haringey Council	http://www.engine.design	Engine	The London Borough of Harn	UK	Public service	System Firm/Public
STATE OF MICHIGAN	https://www.fjord.com	Fjord	State of Michigan	US	Public Service	System Firm/Public
NHS(EastlingPTC)	http://www.seren.com	Seren	NHS	UK	Public service (Healthcare)	System Firm
Dechmanske	http://www.seren.com	Seren	Oslo Public Library	Norway	Public services	System Firm/Public
PostOffice	http://www.seren.com	Seren	Post Office	UK	Public services	System Firm/Public
SkillDevelopmentScotland	https://www.seren.com	Seren	SkillDevelopmentScotland	UK	Public services	System Firm/Public
Sunderland	http://www.seren.com	Seren	Sunderland City Council	UK	Public services	System Firm/Public
Jisc	http://www.seren.com	Seren	Jisc	UK	Publishing	System Firm
philips-new-service-business	http://www.engine.design	Engine	Philips Lighting	UK	Retail	manufacturing
Retail_case_study1	http://www.seren.com	Seren	A UK highstreet retailer	UK	Retail	N/A
Retail_case_study2	http://www.seren.com	Seren	Retailer	N/A	Retail	N/A
skanska-customer-service-strategy-for-new-markets	http://www.engine.design	Engine	Skanska Residential Develop	UK	Retail	System Firm
Tesco	http://www.seren.com	Seren	Tesco	UK	Retail	System Firm
Dom7	http://www.seren.com	Seren	WarmZones	UK	Social Enterprise	N/A
NFL	https://www.fjord.com	Fjord	USA National Football Leagu	US	Sport	System Firm
ADDAS	https://www.fjord.com	Fjord	Adidas	N/A	Sport	System Firm/Manufacturing
Technology_case_study2	http://www.seren.com	Seren	Dell	Global	Technology	Manufacturing
Technology_case_study3	http://www.seren.com	Seren	A consumer electronics comp	Global	Technology	N/A
Technology_casesstudy1	http://www.seren.com	Seren	A leading manufacturers of m	Global	Technology	N/A
telecoms_casesstudy1	http://www.seren.com	Seren	telcom network	Gloabl	Telecom	N/A
telecoms_casesstudy2	http://www.seren.com	Seren	telcom network	Gloabl	Telecom	N/A
telecoms_casesstudy3	http://www.seren.com	Seren	telcom network	N/A	Telecom	N/A
telecoms_casesstudy5	http://www.seren.com	Seren	telcom network	N/A	Telecom	N/A
3 SWEDEN	https://www.fjord.com	Fjord	3 Sweden	Sweden	Telecom	System Firm
3 SWEDEN & FJORD	https://www.fjord.com	Fjord	3 Sweden	Sweden	Telecom	System Firm
3 SWEDEN2	https://www.fjord.com	Fjord	3 Sweden	Sweden	Telecom	System Firm
3 SWEDEN3	https://www.fjord.com	Fjord	3 Sweden	Sweden	Telecom	System Firm
Orange&Barclays	http://www.seren.com	Seren	Orange	UK	Telecom	System Firm
QUALCOMM2	https://www.fjord.com	Fjord	Qualcomm	N/A	Telecom	System Firm
telecoms_casesstudy4	http://www.seren.com	Seren	O2	N/A	Telecom	System firm
TELEFONICA	https://www.fjord.com	Fjord	Telefonica	Spain	Telecom	System Firm
TELECOMERA	https://www.fjord.com	Fjord	Telecomera	N/A	Telecom	System Firm
TURKCELL	https://www.fjord.com	Fjord	Turkcell	Turkey	Telecom	System Firm
Vivo	http://www.seren.com	Seren	Vivo	Brazil	Telecom	System Firm
Danish Rail	http://www.seren.com	Seren	Danish Rail	Denmark	Transport	System Firm
Oppland	http://www.seren.com	Seren	Oppland	Norway	Transport	System Firm
Ruter	http://www.seren.com	Seren	Ruter	Norway	Transport	System Firm
Setransp	http://www.seren.com	Seren	Setransp	Brazil	Transport	System Firm
StreetCar	http://www.seren.com	Seren	StreetCar	UK	Transport	System Firm
TFL	http://www.seren.com	Seren	Transport for London	UK	Transport	System Firm
GTA PART OF KUONI GROUP	https://www.fjord.com	Fjord	GTA part of Kuoni Group	N/A	Travel	System Firm
RoyalandAncientPolarBearSociety	http://www.seren.com	Seren	Royal and Ancient Polar Bear	Norway	Travel	System Firm
Troms Adventure	http://www.seren.com	Seren	Troms Adventure	Norway	Travel	System Firm

Project code	Links	Design Age	Client name	Countries	Sectors	Type of service organization by Ben
Desktop Genetics	http://www.engine.com	Ivework	Healthbox London	UK	Accelerator	N/A
alpha	http://www.engine.com	Engine	Alpha Airport	UK	Air travel	System Firm
ana-service-brand-strategy	http://www.engine.com	Engine	Aeroporto de Portugal	Portugal	Air travel	System Firm
healthrow-airport-designing-premium-passenger-service	http://www.engine.com	Engine	Healthrow Airport	UK	Air travel	System Firm
healthrow	http://www.engine.com	Engine	Healthrow Airport	UK	Air travel	System Firm
healthrow-airport-information-hub	http://www.engine.com	Engine	Healthrow Airport	UK	Air travel	System Firm
virgin-atlantic-healthrow-customer-experience	http://www.engine.com	Engine	Virgin Atlantic Airways	UK	Air travel	System Firm
Hyundai-branded-service-behaviours	http://www.engine.com	Engine	Hyundai	South Korea	Automotive	manufacturing
jeep-customer-experience-superstar	http://www.engine.com	Engine	Jeep Land Rover	UK	Automotive	manufacturing
mercedes-benz-premium-after-sales-service	http://www.engine.com	Engine	Mercedes-Benz	UK	Automotive	manufacturing
Qoros	http://www.engine.com	Engine	Qoros	China	Automotive	manufacturing
Tracker	http://www.engine.com	Ivework	Tracker	UK	Automotive	Manufacturing
Volkswagen	http://www.engine.com	Ivework	Volkswagen	Germany	Automotive	Manufacturing
aa-recovery-service-propositions	http://www.engine.com	Engine	The Automobile Association	UK	Automotive	System Firm
Eurotaglass	http://www.engine.com	Ivework	Glass's Guide	UK	Automotive	System Firm
AUTONATION	http://www.engine.com	Fjord	AutoNation	US	Automotive	N/A
Ita	http://www.engine.com	Ivework	Ita Unibanco	Southern Hemisphere	Bank/Financial services	System Firm
Healthbox	http://www.engine.com	Ivework	Healthbox	UK	Business incubator	N/A
FJORD	http://www.engine.com	Fjord	Fjord	N/A	Creative Agency	Professional service firm
education_case_study1	http://www.engine.com	Seren	Open University	UK	Education	System Firm
Dions	http://www.engine.com	Ivework	Dions	UK	Electronics retailer	System Firm
Hafslund	http://www.engine.com	Ivework	Hafslund	Norway	Energy	System Firm
Petrobras	http://www.engine.com	Ivework	Petrobras	Brazil	Energy	System Firm
eon-engaging-disengaged-customers	http://www.engine.com	Engine	E.ON	UK	Energy	System Firm
eon-increasing-customer-satisfaction-italy	http://www.engine.com	Engine	E.ON	UK	Energy	System Firm
aviva-service-beyond-financial-products	http://www.engine.com	Engine	Aviva	UK	Finance	System Firm
BBVA	http://www.engine.com	Fjord	BBVA	Spain	Finance	System Firm
CE BANK	http://www.engine.com	Fjord	The IT Department of CE Bank	N/A	Finance	System Firm
Chubbank	http://www.engine.com	Fjord	Chubbank	US	Finance	System Firm
financial_service_case_study1	http://www.engine.com	Seren	A leading Bank	UK	Finance	System Firm
financial_service_case_study3	http://www.engine.com	Seren	A leading Insurance company	EU	Finance	System Firm
financial_service2	http://www.engine.com	Seren	A middle east bank	Middle East	Finance	System Firm
IGARANT1	http://www.engine.com	Fjord	Igarant	Turkey	Finance	System Firm
POINT	http://www.engine.com	Fjord	Point (A VeriFone Company)	N/A	Finance	System Firm
Entercard	http://www.engine.com	Ivework	Entercard	N/A	Financial services	System Firm
KIGPLAN	http://www.engine.com	Fjord	Fitbug	N/A	Fitness	N/A
gaming_case_study1	http://www.engine.com	Seren	An online gaming company	N/A	Gaming	N/A
gaming_case_study2	http://www.engine.com	Seren	Caesars	N/A	Gaming	N/A
gaming_case_study3	http://www.engine.com	Seren	A leading online gaming comp	EU	Gaming	N/A
HARVARD MEDICAL SCHOOL	http://www.engine.com	Fjord	Harvard Medical School	UK	Healthcare	N/A
Innomed	http://www.engine.com	Ivework	InnoMed	Norway	Healthcare	N/A
Ahus	http://www.engine.com	Ivework	Ahus University Hospital	Norway	Healthcare	System Firm
rupa-value-propositions	http://www.engine.com	Engine	Rupa	UK	Healthcare	System Firm
Johnson&Johnson	http://www.engine.com	Ivework	Johnson&Johnson	Global	Healthcare	System Firm
Norwegian Health	http://www.engine.com	Ivework	Vestfold Hospital	Norway	Healthcare	System Firm
OsloUniversity	http://www.engine.com	Ivework	Oslo University Hospital	Norway	Healthcare	System Firm
QUALCOMM	http://www.engine.com	Fjord	Qualcomm & UPSM	US	Healthcare	System Firm
RBUP	http://www.engine.com	Ivework	RBUP	Norway	Healthcare	System Firm
WillowBankSurgery	http://www.engine.com	Ivework	WillowBankSurgery	UK	Healthcare	System Firm
PHILIPS	http://www.engine.com	Fjord	Philips & Emotiv	N/A	Healthcare	System Firm
Connecting guest and customer expert	http://www.engine.com	Ivework	N/A	N/A	Hospitality	N/A
ihg-multiple-brand-service	http://www.engine.com	Engine	International Hotels Group	Global	Hospitality	System Firm
virgin-hotels-new-venture-vision	http://www.engine.com	Engine	Virgin Hotels	US	Hospitality	System Firm/ Traditional
Aviva	http://www.engine.com	Ivework	Aviva	UK	Insurance	System Firm
Gensidige	http://www.engine.com	Ivework	Gensidige	Norway	Insurer	System Firm
Gensidige Office	http://www.engine.com	Ivework	Gensidige	Norway	Insurer	System Firm
Experian	http://www.engine.com	Ivework	Experian	N/A	IT/Technology	System Firm
NCR	http://www.engine.com	Ivework	NCR	N/A	IT/Technology	System Firm
Trans	http://www.engine.com	Ivework	Trans	UK	Manufacturing	Manufacturing
Media_case_study2	http://www.engine.com	Seren	A news paper company	N/A	Media	N/A
Media_case_study4	http://www.engine.com	Seren	A media brand	N/A	Media	N/A
Media_case_study4-2	http://www.engine.com	Seren	A leading publisher	N/A	Media	N/A
ABC	http://www.engine.com	Fjord	ABC (newspaper)	Spain	Media	System Firm
BBC	http://www.engine.com	Engine	BBC Academy	UK	Media	System Firm
BBC	http://www.engine.com	Ivework	BBC	UK	Media	System Firm
BONNIER	http://www.engine.com	Fjord	Bonnier	Sweden	Media	System Firm
Channel4	http://www.engine.com	Ivework	Channel 4	UK	Media	System Firm
Channel4-personalisation-and-recommendation	http://www.engine.com	Engine	Channel4	UK	Media	System Firm
EXPRESSEN	http://www.engine.com	Fjord	Expressen	Sweden	Media	System Firm
GLOBO	http://www.engine.com	Fjord	Globo	Brazil	Media	System Firm
iPlayer	http://www.engine.com	Fjord	BBC iPlayer	UK	Media	System Firm
Media_case_study1	http://www.engine.com	Seren	ITV	UK	Media	System Firm
RiksTV	http://www.engine.com	Ivework	RiksTV	Norway	Media	System Firm
sky-branded-customer-service	http://www.engine.com	Engine	Sky	UK	Media	System Firm
virgin-media-increasing-customer-satisfaction	http://www.engine.com	Engine	Virgin Media	UK	Media	System Firm
Yell	http://www.engine.com	Ivework	Yell	UK	Media	System Firm
Yell	http://www.engine.com	Ivework	Yell	UK	Media	System Firm
Laerdal	http://www.engine.com	Ivework	Laerdal	Norway	Medical equipment manufa	System Firm
virgin-media-new-mobile-billing-experience	http://www.engine.com	Engine	Virgin Mobile UK	UK	Mobile Communication	System Firm
NOKIA.COM	http://www.engine.com	Fjord	Nokia	N/A	Online Retail	System Firm
ThaiGovernment	http://www.engine.com	Ivework	ThaiGovernment	Thailand	public	System Firm

Figure 3. The analysis of 131 online service design cases from Engine, Fjord, Live|work, Seren and Nile by the doctoral researcher in 2015.

These two studies of service design practice provide an indication of the increasing adoption of service design in the private sector, and particularly in financial services, thus influencing the focus of this doctoral research.

In 2008, the major developed economies, and especially the UK, were hit by the global financial crisis. Many UK sectors, including the financial sector, were forced to undergo structural reform including budget cuts, redundancies, digital transformations

and regulatory changes. Major UK banks, such as RBS and Lloyds, were bailed out by the UK government with £50 billion of public money to avoid the collapse of the financial sector (Wintour, Treanor and Seager, 2008). This resulted in years of economic recession in the UK (Office for National Statistics, 2018). In order to respond to the public interests of the government bailout, banks have undergone major organisational changes over the last ten years (Davies, 2018). More regulation has been introduced since 2008 to govern financial conduct in banking sector. For example, the introduction of Open Banking by the Competition and Markets Authority in 2018, requests a reform of how banks share financial data of customers and is likely to further disrupt the services offered by incumbent financial services providers and trigger disintermediation with customers. This social, economic, technological and regulatory background to the banking industry has put pressure on the major corporations to pursue innovations in response to the disruption. The major banks have launched new digital services such as Barclays Pingit (a peer to peer payment app), and introduced new digital departments such as Barclays Eagle Lab to pursue digital advantages in competition. In an interview with the Financial Times in 2016, the chief executive of Barclays shared this immense pressure of innovation, saying 'I'm paranoid... I look at big banks, I look at challenger banks. I look at everybody, to stay ahead of the game' (Dunkley, 2016). Since 2008, the introduction of new technologies, such as smartphones, mobile apps, 4G networks, machine learning, the internet of things and artificial intelligence, have enabled a wide range of applications for financial services. In an industrial report commissioned and published by the UK's Ministry of Trade and Investment, these technological advances in financial services, namely Fintech, are estimated to be worth £20 billion in revenue as an emergent sector (EY, 2014). Fintech was also acknowledged as a national interest by the then Chancellor of the Exchequer, George Osborne, announcing the intention to build the UK as the 'global capital of fintech' (EY, 2016). Hence, for major banks in the UK, these sets of factors asserted pressure for service innovation.

In addition to technical advances in service innovation, some innovations have been less visible. For instance, digital transformations have involved reshaping

internal processes and assets to provide improved service. The major UK banks have reconfigured their retail branches in terms of their functions and location, to improve efficiency via new digital services. It was estimated by the CBI and PWC that 100,000 jobs were cut between 2008 and 2011 in the UK financial sector to optimise internal efficiency (Monaghan, 2012). In addition, regulatory uncertainty for the banking sector regarding Brexit was estimated by the Bank of England to bring organisational restructuring with a further 75000 job losses (Ahmed, 2017). These systemic changes in various parts of the financial services have been highlighted in the literature, forming the complex context for service innovation in large corporations (Salter and Tether, 2013).

Therefore, there is an increasing demand from the UK financial sector to incorporate service design capability to support their innovation. This provides opportunities for both service design practice and research to further develop this field of knowledge.

The sectoral research gap based on a sectoral comparison

To summarise comparing the development of research and of practice, academic work in the field of service design seems to have overlooked this phenomenon of contextualising service design by sectors. While there has been research on embedding service design practice in the public sector (e.g. Junginger, 2015), there is a gap in coverage of how service design practice operates in the context of financial services, with its specific sectoral influences. In the next section, this research reviews the types of the organisation in the financial service sector, in order to contextualise service design practice and research for service innovation.

2.2.3 Research gap by types of organisations

This next section considers in which types of organisations in the financial sector service design practice is taking place

The importance of organisational types for service innovation research

From a service innovation perspective, scholars such as Bruce S. Tether and Ammon Salter, argue that the characterisation of service organisation types is very important to understand how innovation takes place (Salter and Tether, 2013). In their view, different types of service organisations face different challenges related to services innovation and therefore would choose different managerial approaches to innovation (Salter and Tether, 2013). They argue, for example, that a large corporate would not be able to respond to innovation as quickly as a small start-up, due to the character of its organisational structures (Salter and Tether, 2013). This view of organisational characterisation and its connection to innovation is also popularly held in various journals and publications (Miles, 2006; Puttick, 2014; Carstensen and Bason, 2012). A popular book *Lean Start Up*, for example, amplifies this view and promotes reorganisation of internal development teams and processes to pursue innovation effectively (Ries, 2011).

In terms of the organisational types in services, there is no extensive classification as yet. Tether and Salter offer a non-exhaustive list of three types of service organisations to highlight their differences in the context of service innovation (Tether, 2003, 2005; Salter and Tether, 2013). These three typologies are:

- traditional services offered by small businesses. These include traditional hospitality services such as restaurants.
- systems services offered by highly sophisticated corporations. Examples of this type are banks and airline businesses, which have highly sophisticated division of labour and technology.
- professional services offered by professional services firms. These include legal firms and accountancy firms.

According to Tether and Salter (2013), systems services firms are characterised by:

- highly developed divisions of labour and organisation in functional silos,
- sophisticated technology,
- complex organisational forms,
- professional managers,
- strict regulation.

This categorisation of organisational types is helpful to contextualise service design practice for service innovation. As the focus of this research, the financial sector constitutes both mainstream banks and smaller firms, including start-ups in fintech. To narrow the scope of this research, a more specific type of organisation is needed to avoid the generalisation of practice in the context of service innovation. As Tether and Salter (2013) argue for a more specific approach to service innovation for different types of organisations, it would be a valuable avenue for service design research to pursue more specific study of each organisational type. Therefore, this review compares service design practice and service design research using Tether's (2013) lens of organisational types.

The research focus in service design agencies

It is difficult to identify the types of organisation on which most service design research is based. Most theoretical service design studies do not specifically mention or explicitly contextualise knowledge by different types of organisation (i.e., Clatworthy, 2011; Yu and Sangiorgi, 2014). By examining data collection methods (e.g., interviews or case studies), we can identify some patterns. Most studies are based on start-ups (e.g. Kimbell and Blomberg, 2017) or governments (e.g. Junginger, 2015). Early theoretical developments in the service design discipline are represented mostly by thinking and practice in the context of service design agencies (e.g. Sangiorgi, Prendiville and Ricketts, 2014). This work uses data from interviews or case studies provided by design agencies and inductively proposes design knowledge based on

practices in these agencies. By applying Tether's organisational types we can identify a strong focus on design agencies, which he describes as professional service firms (Salter and Tether, 2013).

One of the first service design research to point to diversified organisational types was from Qian Sun and Caroline Runcie, from the Royal College of Art (RCA), who surveyed the first two cohorts of RCA service design graduates (some 36 in total) (Sun and Runcie, 2016). They discovered that multinational corporations (MNCs) were increasingly hiring service design talent into their internal teams to support their service innovation (Sun and Runcie, 2016). However, there was still a lack of publication, both in terms of research and practice, to provide understanding of how service design practice is incorporated into corporations and their service innovation. In early 2015, at the start of this doctoral research, most system services firms, particularly in the financial services sector, had yet to incorporate service design practice or publish any evidence for research. Therefore, system service firms' service innovation is an area still to be explored.

In summary, the current service design research has mostly focused on practice in service design agencies and has yet to enquire into innovation in large corporations where service design practice has been adopted.

The research gap based on an organisational comparison

Using the lens of organisation types reveals a gap in research on practice in large corporations. There is no commonly accepted definition of the large corporation. Sun and Runcie (2016) highlight its international aspect (e.g., the MNC) while Salter and Tether (2013) distinguish between consultancies and professional service firms. However, both works emphasise the diversity of organisation types and their relevance for service design and innovation.

In this thesis, the gap in research on system service firms is the focus.

2.3 Innovation management studies

This section aims to connect service design practice to the context of service innovation literature related to corporates. It reviews the context of innovation strategies and how service design practice is positioned in relation to such strategies in the current literature. The review extends to the innovation challenges faced by system firms and how service design practice responds to them.

2.3.1 Innovation strategies and service design practices

Systems firms apply several different corporate strategies to develop innovative services. Among a non-exhaustive list of innovation strategies, we would highlight the following.

Mergers & acquisitions

Mergers and acquisitions (M&A) allow large firms to acquire innovative services directly by buying innovative businesses (Ahuja and Novelli, 2014). Over the last few years, the international management consultancy giants, including Accenture, Ernst and Young, and McKinsey, have pursued M&A strategies to develop new consultancy services by acquiring design and digital consultancy firms. These M&As provide management consultancies with new service offerings to respond to market demand.

Corporate venture

Corporate ventures and 'innovation labs' are vehicles for services innovation that allow the corporates to establish stand-alone incubator units external to their everyday business, to nurture the new venture and its new service offerings. One example is Jaguar Land Rover which set up its corporate 'inMotion' venture outside its existing business, to pursue new mobility service offerings. This innovation strategy avoids disruption to current organisation.

Internal development

Service innovation can be pursued within the existing structure of large businesses through service standardisation. Early scholars, such as Theodore Levitt (1972), drew on work in manufacturing to standardise services and argued for standardisation to develop more efficient services. This generally leads to the development of new digital technology to produce standardised or modularised services (Barras, 1993, 1986). There are several examples of new service development (NSD) programmes since 2008, including digital transformations led by internal digital departments and incremental improvement programmes across different departments within existing business structures (e.g., Accenture, 2014; Capgemini Consulting, 2011).

Open innovation and disruptive innovation

Innovation theories such as open innovation argue for more extensive external collaboration, with various parties, including customers, in the development process (Chesbrough, 2003), while disruptive innovation (Christensen, 2013) describes how firms can disrupt profitable market segments by developing innovative products to serve low-end market segments. Open innovation refers to a strategy based on external collaboration while disruptive innovation is a strategy based on better market positioning.

However, the question of whether or how service design practice is positioned under different innovation strategies, whether through corporate ventures, labs, or digital transformation, is still largely unclear in the current literature. The link between these two fields of knowledge remains unexplored.

In the broader design studies landscape, including manufacturing firms, discussions of how design practice relates to different innovation strategies can be identified. One example comes from Professor Roberto Verganti, School of Management of Politecnico di Milano, who publishes on design positioning in innovation strategies. Another theory has been proposed by Tim Brown (2008; 2009) and Roger Martin

(2013) who promote a 'designerly' innovation strategy called 'design thinking' for businesses.

Design-driven innovation

With regard to manufacturing firms (e.g., furniture design), Verganti's (2013) design-led innovation strategy assumes a unique role of design practice to discover new meaning for the products in users' lives. By understanding and redefining the new product, design practice can drive innovation through the discovery of new markets (Verganti, 2013; Verganti and Dell'era, 2006). In Verganti's view, design-driven innovation can be a strategy for innovation.

Design thinking

In the context of innovation strategy, the term 'design thinking' used by Tim Brown in his 2008 Harvard Business Review article describes how design practice can help the firm develop innovative products. He gives various examples ranging from Edison's electric light innovation to his design agency IDEO's development of new bicycle products, and argues that design thinking is an approach that combines 'human-centred', 'iterative' and 'non-analytical thinking' to achieve technical advancements and innovation. In his later book for the general reader, *Change by Design*, he describes this innovation approach as a three-step process involving exploration, ideation and implementation. Other management scholars, such as Roger Martin, consider design thinking to be an innovation strategy that offers competitive advantage (Martin, 2013).

On the basis of the relationship between design practice and innovation strategy, it might be assumed that service design practice would be related, similarly, to service innovation strategy. It might also be assumed that the designer's role in innovation is part of a 'design-led' strategy, and is independent of the corporate approach to service innovation. So, is it possible to differentiate design practice based on the different contexts of innovation strategy? Does service design practice need different types of knowledge to support the corporate's chosen innovation strategy. These

questions have been overlooked, representing a gap in current research, which largely ignores the organisational context of innovation strategy.

2.3.2 Innovation challenges and service design practices

Regarding service innovation in large organisations, in particular, and in both public and private sector firms, there are a few notable works that explore the innovation challenges that service design practices need to address. In the service innovation studies literature, Tether and Salter agree on the structural challenges related to the characteristics of system service firms.

System firms' service innovation challenges

Salter and Tether (2013) explain the characteristics of system service firms that present certain barriers to innovation.

First, there is a set of barriers linked to their structural characteristics. Salter and Tether (2013; Tether, 2013) describe the characteristics of system firms and believe that their overly complex structure creates resistance to change: the bureaucratic system, deep rooted practice and a highly regulated external environment make it difficult to challenge the status quo.

Second, there are barriers to innovation in services linked to their Intangibility, Heterogeneity, Inseparability and Perishability (IHIP) (Tether, 2013). Compared to goods and manufacturing, the IHIP of services, makes innovation more difficult in the absence of systemic changes to the organisational set-up. Tether (2013) uses the example of the Automatic Teller Machine (ATM) as a service innovation that combines technical advancement with new processes and procedures and argues that innovation in services is often linked closely to business model innovation and process and organisational innovation rather than just technical innovation in physical products. Services are the output and the process of practices (Salter and Tether,

2013; Tether, 2013).

Third, project management can be a barrier to service innovation in systems firms if strategic selection and management of projects is weak. Innovation projects and strategy need to be coherent with the business strategy. Also, some innovation projects are managed as simultaneous ad hoc activities and lack institutional support (Tether, 2013).

However, to what extent does service design address these innovation challenges? The literature does not yet offer a clear indication as to whether service design practice connects with or addresses these challenges.

Since 2015, the academic and practitioner communities have been recognising the problems in relating service design practice to innovating system services. For example, Sabine Junginger (2015) explained that pre-existing design capabilities within the organisational context can conflict with service design practice. Ben Reason's (2015) book on the Live|work service design agency also described the contextual challenges faced by service designers, which go beyond customer research problems.

Organisation design legacy

Using the example of the Australian Taxation office and the American postal offices, Sabine Junginger (2014, 2015, 2008) argues that, in a large organisation, 'the legacy' of how the service was developed before the introduction of service design practice, is strongly related to the emergent need to embed service design practices within the organisation. She cites a critique from a public civil servant (Junginger, 2014; 2015) that service designers seem incapable of dealing with service change in organisations beyond issues related to customer needs.

Four organisational challenges from Live|work

The co-founder of Live|Work (one of the first service design agencies in the UK), Ben Reason, highlights the importance of shifting from a user-centred to a wider organisational focus:

'In many ways having a vision for a better customer experience or an innovative service is the easy bit. Getting it to happen in your organisation is less easy. Service design is not simply about painting a picture of the bright future; it is also about rolling up your sleeves and making the change.'

– (Reason, Løvlie and Flu, 2015, P.126)

An entire chapter in the book is dedicated to the need to address this organisational challenge through service design practice. He highlights four issues related to the organisational context (Reason et al. 2015).

1. the difficulty related to internal preparation and organisation of the new service and the need for service design to align with the practices of various internal teams and departments to allow a coherent and well-functioning operation. He splits the notion of alignment into two: alignment with customers and alignment with the business;
2. staff engagement and participation which can be difficult in large organisations with multiple departments and teams. Reason argues that service design practice should engage staff early and be creative in order to ensure that change is optimal;
3. the change from a focus on products and processes to a focus on customers, which is often not high on the organisational agenda. Service design needs to help the organisation to build and implement a customer strategy;
4. the need for an agile organisation since rapid change requires organisational agility.

The service design practice literature highlights several issues from the organisational context. However, it is not yet explained how service design practice in operation confronts these issues.

2.4 Design management studies

2.4.1 A brief background of historical development

Design management studies concern the context in which design practice takes place and the industrial application of design activities (Oakley, 1990; Cooper and Junginger, 2009). Arising from the industrial development after the Second World War, design management as a term was introduced in the 1960s to further the understanding of design activities both by external consultants and by in-house designers, particularly in manufacturing firms (Cooper and Junginger, 2013; Oakley, 1990). In the 1980s, this field of study extended to other design disciplines and areas of application, such as corporate identity, packaging and environment design (Gorb, Schneider and School, 1988).

Design management studies have largely been rooted in the manufacturing context (Sun, Williams and Evans, 2015). Compared to the earlier service economy background for the rise of service design, one thing worth noting here is that the sectoral focus on manufacturing was driven by national interests in the West (i.e. UK, US, East Germany) from the 1960s. In the UK, in particular, the establishment of the professional body, The Design and Industries Associations (DIA), and the influential government report, The Corfield Report, have helped to articulate the importance of design and its application in economic development (Jerrard and Hands, 2008). This historical background is marked by influential designers and their achievements, such as Terence Conran's industrial design consultancy, Wally Olins' corporate identity design consultancy, and in-house designers such as Dieter Rams at Braun (Cooper and Junginger, 2013). It also features influential academic works from James Pilditch, Peter Gorb, Alan Topalian, Mark Oakley, Rachel Cooper and Birgitte Borja De Mozota (Cooper and Junginger, 2013). This early stream of design research explores the management of design practice inside or with companies (Cooper et al. 2013). Early influential works, including Mark Oakley's work in 1984 on the location of design within and outside the manufacturing firms (Oakley 2013), and Peter Gorb and Angela Dumas's work in 1987

on 'silent' design actions across organisations (Grob and Dumas 2013), are examples which discuss organisational context and managerial influence in design practice.

In recent years, the application of design practice in industry is a core concern of design management communities. This area of design knowledge focuses on the context or environment where design practice takes place. One of the streams examines the value of design practice both for organisations and for the national economy. Important industry initiatives, such as the UK Design Council's effort to establish the value of design for industries (Design Council UK 2007a, 2007b), the UK Treasury's Cox Review on the role of design for innovation (Cox, 2005), and the Danish Design Centre's (2015) Design Ladder framework of the different levels of design values, are the representative examples of this knowledge stream. This set of design management studies provides an insight into the measurement of design value and design maturity in organisations, and connects design management studies to the field of innovation management.

2.4.2 The roles of designers

The role of the design manager

In the design management literature, the design manager role is a specific focus (Sun, Williams and Evans, 2015), and is considered to be separate from the role of designer (Cooper and Junginger, 2013). For example, Alan Topalian considers the central role of design managers is to organise and to provide leadership. This idea of the design manager who manages the team and the process is also acknowledged in other literature (Sun, Williams and Evans, 2015). Regarding design management as the management of the key stakeholders of design, Qian Sun, Alex Williams and Martyn Evans (2015) positioned design management on the Michael Porter's five forces framework and proposed that the role of the design management is to manage the interface between design and other parties, which include (1) the management of designers and teams, (2) the management of knowledge input, (3) the management of

the design output, (4) the management of market competition and (5) the management of entry barriers.

The role of designer

There are several streams of discussion in the literature on the role of designers. One articulates the role of designer from the perspective of impact on the organisation. Mark Oakley (1990), for example, describes the role of the designer as a visionary to influence the strategy of organisation. Other literature considers the design activities and decisions of non-designers and compares them with those of professional designers. For example, in the context of social innovation, Ezio Manzini (Manzini and Coad, 2015; Manzini, 2014) suggests that the roles of professional designers are (1) mediator between different interests, (2) facilitator of others' ideas and initiatives.

The role of the service designer

Few works describe the role of the service designer in teams and organisations. What is the service designer's role? How senior are they in the jobs hierarchy? What is their role in a team? Current service design literature, offers several options. One school of thought emphasises the visualisation role of service designers in the new service development process. Scholars such as Stuart Bailey (Bailey, 2013) suggest they enable the organisation to visualise potential opportunities in future scenarios during the development process, such as visualising customer journeys, customer persona, or service blueprints (Kimbell and Blomberg, 2017; Del Caro Secomandi, 2012). Another school of thought draws insights from the relationship between clients and service design consultants (i.e. Yu and Sangiorgi, 2017a; Yu, 2018; Tether, 2003). They perceive the role as being a deliverer, partner and facilitator for work related to customers and users of the services. This user-related role includes conducting customer research, analysing, developing and testing customer experience (Yu and Sangiorgi, 2017a). Despite the varying roles suggested, there seems to be an implicit assumption that service designers focus on customer or user-related work and job

positions.

2.4.3 The location of design capabilities

The organisational positioning of designers and design consultants

The role of designers is also discussed through the lens of organisational positioning, under the topic of design consultants and their position within organisations (Cooper, Junginger and Lockwood, 2013). On the one hand, there are external design consultants such as Sir Terence Conran and his industrial design studio (Conran, 2016), Marcello Minale and his graphic/branding consultancy (Minale, 1998), who successfully influenced the public perception of the values of business and society (Cooper, Junginger and Lockwood, 2013). At the same time, there is the development of in-house capacity with internal design consultants, including product designers, and corporate identity designers to manage and develop new product and communication design. This type of in-house design consultant can be seen through the works of Dieter Rams at Braun (Lovell, 2011) and other design management case studies such as in Ford and British Rail (Gorb, Schneider and School, 1988).

One of the key issues for design consultant is in which business function the design capability is situated (Oakley, 1990; 2013; Cooper, Junginger and Lockwood, 2009; Cooper and Junginger, 2009). In manufacturing businesses, product designers may be placed in different locations (Oakley, 1984). It might be an independent business function unit under the CEO with other major business functions such as sales, production and finance. It might also be placed under the production unit which looks after design, or production control. According to Mark Oakley, a leading scholar in this field, these different positionings of design capability would result in different contextual responsibilities, tasks and challenges for product designers (Oakley, 2013). With regard to other disciplines, such as corporate identity design, the designers could be placed directly under marketing, as distinct from the positioning of product designers. The internal and the external design consultants are distinct categories as

regards the positioning of designers (Bruce and Morris, 2001).

In addition to these traditional design disciplines and their capability in producing design artefacts, there are new areas of discussion concerning the value and outcome of design in relation to management issues, such as organisational change (Junginger, 2008) and organisational development (Suchman, 2000). It is argued that design can contribute to solving managerial issues such as those mentioned above (Naar and Våland, 2014; Buchanan, 2015, 1992). Following this line of argument that designers are increasingly acting as consultants on managerial issues, it is important to introduce briefly the discussion in academic studies of the positionality of management consultants. Management consultancies can be categorised through different lenses, such as by sector or by service (Phillips, 2018; O'Mahoney and Markham, 2013). The sectoral lens can divide the consultancies into, for example, telecommunications, finance, or government. However, the service lens is less well defined, due to different business models and service offering categories provided by different consultancies (O'Mahoney and Markham, 2013). It can be simplified into four categories by market share:

- strategy consulting, concerned with the strategic positioning of clients in the market and their strategic plans
- IT consulting, concerning application of new technology in business
- outsourcing consulting, concerning sourcing business functions outside the existing business
- generalist consulting, which includes a wide range of consulting disciplines associated with organisational change and development. There are process consultants (e.g. lean and total quality management) who focus on re-engineering business processes (Schein, 1999); cultural change and HR consulting, which focus on the corporate culture and its programmes; and other specific types of organisational development consultation such as mergers and acquisitions, compliance, marketing and sales (O'Mahoney

and Markham, 2013).

It is worth noting, in this vast landscape of management consulting disciplines, that the existing literature also acknowledges the varied organisational location of management consultants, which shares a similarity with design consultants (O'Mahoney and Markham, 2013).

Another common topic concerns the role of designers/consultants from these two fields, and their relationship with clients. In the management consultancy literature, four consultant roles have been distinguished:

- the expert role, which is explained as a doctor-patient relationship between consultants and clients (O'Mahoney and Markham, 2013; Cooper and Junginger, 2013). This role often leads the interaction between clients and consultants.
- the process consultant/coach/facilitator role. In the organisational development literature, it is argued that this role is not like the doctor who often claims to understand the issue in investigation better than the client (O'Mahoney and Markham, 2013). The process consultant instead provides support to help the client to understand and act upon the issue as the situation progresses in the client's environment (Schein, 1999). It does not claim the expertise but rather provides a framework to explore and develop together with the expertise of the clients.
- 'friend', which explains the relationship between consultants and clients at a personal level between individuals. This can often be found amongst company executives and partners in consultancies (O'Mahoney and Markham, 2013)
- political agents, who are deployed to legitimise managerial action (O'Mahoney and Markham, 2013)

These consultancy studies are important and relevant to design and its role in innovation. Regarding the call to expand design into other fields (Buchanan, 2001), the role of designers has been discussed in social innovation (Manzini and Coad, 2015), in organisation strategy (Stevens and Moultrie, 2011, Stevens, n.d.), and organisation development (Suchman, 2000; Junginger, 2008). Reviewing the relevant literature seeks to contextualise these theoretical perspectives from other design disciplines and management consultancies, in the field of service design and corporate service innovation.

The organisational positioning of service designers

Compared to the design management and management consultancy studies mentioned above, the understanding of service designers' organisational positioning and their roles as consultants is relatively less developed perhaps because most service design literature has not yet examined organisational contexts. There is not yet a common understanding of what clients' business function service design consultants work for and with. Most service design research focuses on practitioners in design agencies and generalises this contextual knowledge to propose academic frameworks for service design practice based on the qualitative data (e.g. Yu and Sangiorgi, 2018, 2017a; Fayard, Stigliani and Bechky, 2016).

In recent years, service design practice has extended beyond external design consultancy and is embedded in large organisations as an in-house capability. In the financial sector, increasing numbers of service designers are hired to work in-house in corporations such as Barclays (Phipps, 2018) and Lloyds (Service Design Days, 2019). There is a lack of detailed understanding of the 'in-house' phenomenon, such as where service design is positioned internally, whether and how internal conditions affect the adoption of service design practice, and how practice is adapted to different internal issues. Mark Oakley's (2013) influential work on the management of design activities within organisations does not discuss how service design capabilities are positioned within the management structures of large corporates.

A few studies investigate in-house service design practices in the public sector (e.g. Bailey, 2012; Junginger, 2014; 2015). These authors highlight the importance of understanding the organisational context of service design research.

Embedding service design practice into organisations

Stuart G Bailey (2012) studies an in-house design team in a public sector organisation in a conference paper on embedding service design in large organisations. He highlights the following issues:

- design readiness: top-level management support and recognition of the design approach are crucial conditions for in-house design team functioning;
- a common language and vocabulary needs to be integrated in the day-to-day business language;
- design processes and design thinking need to be disseminated in the organisation and the tools, methods and processes of service design must be contextualised in the organisation's projects;
- importance of management support from planning to implementation is crucial to sustain service design practice;
- tools and methods need to be reinterpreted, developed and adapted to service design tools and methods;
- functional learning and delivery of value are required to balance the strategic function of a long-term business strategy and the practical function of short-term delivery of value. Service design practice must be able to manage potential conflicts between long and short-term goals to satisfy both.

In the context of the public sector, Sabine Junginger refers to the embedding of

service design in the organisation (Junginger, 2014; 2015). In contrast to Stuart's (2012) views on the lack of 'design readiness' as a barrier to embedding (Bailey, 2012), Junginger (2015) argues that the introduction of service design should take extra caution regarding the existing design approaches within the organisation. This includes the historical development of the public service in the organisation (e.g., top quality management and new public management). She highlights three aspects of the existing 'design' approach or 'organisational design legacy':

- organisational purpose and vision as the criteria for promoting or discontinuing certain services and product developments;
- organisational design, which is related to the values driving the organisation such as employment, process, problem-solving, cost-savings or some combination of these aspects (Junginger, 2015; 2014).
- organisational design practice, which includes how the design is achieved, the methods used and who participates. She argues that there are three groups involved in design practice: internal staff members, external experts and external customers/society. She develops a 'designing for, with and by organisation/citizen' matrix to explain different design practices.

The embedding approaches

Various different approaches have been used to embed service design in large corporates. Financial corporations, such as Barclays, Lloyds, Visa and RBS, have adopted a mix of approaches, ranging from working with external design consultancies, M&As, establishing internal digital studios and open innovation labs, to organisation-wide upskilling programmes to accelerate the transformation of their offerings (KPMG, 2012; Brereton, Kennedy, Spratt and Hwer, 2014). These various approaches allow service design practice to be embedded via external agency-client collaboration, recruitment of service designers, building of internal service design teams and training in service design methodologies.

The ‘design-client’ relationship

Existing service design studies highlight the ‘design-client relationship’ as a positioning issue related to service design practice in New Service Development (NSD) (e.g. Sangiorgi, Prendiville and Ricketts, 2014; Yu and Sangiorgi, 2017a). The ‘design-client relationship’ describes the relationship between the designers working in consultancies and the clients who purchase their services.

Qin Han (2010b) investigates the service design approach to managing stakeholders in NSD projects. She argues that there are three ways to manage stakeholder involvement in projects: leading, facilitating and producing (Han, 2010b). She considers service design practice related to stakeholder involvement to be an essential part of NSD because it constitutes a learning process, allowing stakeholders to generate new knowledge and form a ‘community of service’.

In an application of the double-diamond NSD model (Design Council, 2017), Daniela Sangiorgi and Eun Yu propose three major roles (see figure 4) played by the design-client relationship: delivering, partnering and facilitating (Yu and Sangiorgi, 2018).

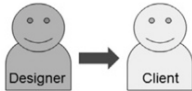
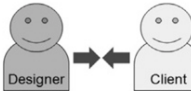
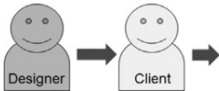
	Delivering	Partnering	Facilitating
			
Designers’ role / clients’ role	Designers as experts in user-centred research and design / Clients as passive recipients of design insights	Designers as partners for collaborative user-centred design / Clients as participants in user-centred design practices	Designers as coaches to provide design knowledge and skills / Clients as user-centred design practitioners
Interaction of processes	Going independently	Mutually affecting	Merged into a single joint process
Core design practices	Developing detailed hand-over documentation	Organising collaborative workshops involving clients	Training clients and building their capabilities on the job
Designers’ perspective	Highly user-centred	Mediating between users and clients	Highly staff-centred, not losing sight of users

Figure 4. The relationship between service designers and clients (Yu and Sangiorgi, 2017a)

Among the roles described in figure 4, three are common to service design, bringing the users' perspective into the NSD development process based on its human-centred design principle. Management scholars Alam and Perry (2002) and Tether (2013) highlight the importance of input and participation of customers and users in the NSD process, in order to develop desirable new service outcomes in comparison to new product development in manufacturing.

In summary, existing work on embedding service design in large organisations reveals the complexity involved in introducing service design practice and highlights problems related to integration and adaption. There is a lack of contextual understanding of the position of service design practice within the organisation and its relationship to the other business units.

2.4.4 New service development projects and service design practices

Service design practice is related to complex projects. Forrester (Buley et al., 2015) reports five different types of service design agencies: fuzzy front-end innovators, physical experience designers, digital experience designers, organisational change partners and business systems consultants. This diversity signals the types of project contexts that benefit from service design practice.

There is no single notion of a service design project. Buley et al. (2015) suggest the need for more information on the types of projects that include service design practice and capabilities.

Daniela Sangiorgi and Sabine Junginger (2009, 2010) refer to the transformational impact of service design practice on organisations. However, we need to know how this impact is manifested and which type of projects might involve service designers. Junginger (2008) describes NPD projects as vehicles of organisational change and highlights the impact of NPD. The architectural design literature highlights new

building development projects as change mechanisms (Naar and Våland, 2014).

New service development (NSD)

Responding to the emergence of the service economy and new digital developments, the study of NSD in the management field is relatively new compared to work on NPD, which is centred on physical products and manufacturing (Papastathopoulou and Hultink, 2012; Biemans and Griffin, 2016). The stage-gate model for NSD was proposed by Cooper and colleagues (Cooper and Edgett, 1999) and defines new services according to six criteria:

- new-to-the-world service (e.g. the ATM);
- new service for the organisation;
- an addition to an existing service;
- improvement to an existing service;
- repositioning;
- cost reduction.

These six areas, Cooper argues, represent a spectrum of NSD projects with different risks, strategy, resources commitment and project processes (Cooper and Edgett, 1999). Yu and Sangiorgi (2017b) define NSD according to five outcomes:

- new service concept;
- new customer interaction;
- new business partners;
- new revenue model;
- new delivery system.

These definitions demonstrate the variety of NSD projects and their potential complex outcomes. To embrace this complexity in the context of service design practice, in this thesis, NSD is defined as the development of services that promote change and create value in relation to the firm's existing services.

In an NSD project, the process framework defines project development, The proposed NSD methodological frameworks draw on NPD in manufacturing (Papastathopoulou and Hultink, 2012). These methodological frameworks, have been adopted by the service sector and include the following:

The NSD methodological framework

Cooper's (1990) Stage Gate Framework:

A sequential linear phased-review or stage gate framework was proposed by Robert G Cooper and colleagues (1990) and adapted to the service sector. This NSD framework begins with rigorous planning to ensure that project strategy, resources and process are aligned to the existing business (Cooper and Edgett, 1999). In a later modified model for E-commerce NSD (Cooper, 2014), Cooper includes customer involvement to allow more iterative development along the different phases of the stage-gate process and more flexible planning to respond to different levels of change, ranging from system change, to fast track projects to major projects. This reduces the cycle-time of the NSD project.

Agile Sprint Framework from software development:

In 2000, software developments, enabled by rapid software iteration, began to be based on so called agile and sprint methodologies (Knapp, Zeratsky and Kowitz, 2016; Beck et al., 2001). Compared to manufacturing approaches, these methods focused on rapid iterations and user-testing. In contrast to the stage gate model, rather than extensive initial planning, the rapid iterations enabled by these methods were the key to the success of NSD projects. It has been argued (e.g. Knapp, Zeratsky

and Kowitz, 2016) that rapid development reduces risk and uncertainty and reveals constraints and mistakes as early as possible in the NSD project. This is the guiding principle of project team collaboration and decision making and is based on methods such as 'scrum' and 'sprint' to allow rapid incremental improvements. Rather than relying on a business case and analytical assessment of ideas and developments, agile and sprint processes use working prototypes to measure progress. Throughout the NSD, working prototypes are delivered and improved without the need for stage gate assessment and signing-off.

How is service design practice positioned in the NSD framework? This question has yet to be addressed. In the absence of framework differentiation, the existing service design research adopts a homogeneous approach and recommends the 'double diamond' (Design Council UK, 2017) model.

The 'double diamond' process and its variations:

The double diamond model is a four-stage development process, with iterative loops in each stage, that has been widely adopted in service design practice. The UK Design Council (2007b, 2017) proposed the double diamond model, based on a review of several previous design process frameworks and eleven global companies mainly involved in products (Design Council UK, 2007b).

This model suggests that a design problem requires a problem-framing phase. In the problem framing and solution design phases, the emphasis is on exploring ideas and selecting among priorities and solutions. In the problem framing stage, in particular, a good understanding of user or customer needs is important to identify the right problem. In each stage, iterative loops also feature to acknowledge that iteration is happening within each stage.

Based on their research on design consultancy firms, Yu and Sangiorgi (2017a, 2014) investigated the role of service design practice in NSD. They propose a four-phase NSD framework (see figure 5), similar to the double diamond model. This four-phase

framework includes two main sequencing phases: planning and execution. Following authorisation of the new service concept plan, it moves to the execution phase.

	How are services designed?	↔	How are services implemented?
Process	Design Analysis <i>Planning Phase</i>		Development Launch <i>Execution Phase</i>
Objects	Value / Form and Function / Experience / Outcomes <i>Service Concepts</i>		Structure / Infrastructure / Process <i>Service Delivery System</i>
Facilitators	Methods and Tools Staff and Customer involvement Organizational Dimensions		

Figure 5. Service design and the new service development process (Yu and Sangiorgi, 2014).

The double diamond model and the stage gate framework were proposed during the same time period and were influenced by the manufacturing context. Both include a stage process; both include an initial planning phase. However, the direct adaptation of a manufacturing-based process to service design and NSD would seem to overlook the complexity of service innovation.

2.5 Summary

2.5.1 The outcome of the review

Research on service design practices for service innovation in banks

By analysing service design research and practice through sectoral and organisational lenses, this literature review addresses the uneven development of service design practice and research. The financial sector, and particularly banks, show uneven engagement with the service design research and practice communities. Since the financial industry was the main service design practices client in 2015 (Buley et al., 2015), the gap in the service design research related to this sector cannot be ignored. Reviewing the service design research, there is a lack of clear understanding of the positioning of service design research, particularly in the context of systems firms in the financial service sector. Current knowledge on service designers and service design practice in this context is homogeneous and does not take account of the location of service design practice in the organisation. From a design management perspective, this is a gap in the knowledge of service design practice.

The organisational context of service design practice

By taking into account both innovation and design management studies, this review examines how service designers and their practices are positioned in corporate service innovation.

The review of service design and service innovation literature, of innovation strategies and challenges, and the structural location of NSD projects, reveals a gap in the service design knowledge. From a design management perspective, the knowledge gap concerns the positioning of the service designer and their practice in service innovation, namely where service design practice is located in corporate services innovation.

2.5.2 Research questions in summary

To understand service design practice for banks' service innovation, this research examines the following research questions:

(RQ1) In what corporate contexts is service design practice adopted in the UK's financial service sector?

(RQ2) What are the challenges encountered by service designers and service design practice in these contexts?

The first research question aims to guide the study to enquire into the organisational context in which service design practice takes place. After reviewing the relevant literature from innovation and design management studies, the research aims to contextualise service design in innovation strategies, the location of service design capability, the role of the service designer and the methodological position in terms of new service development frameworks. It seeks to respond to the gap in knowledge of service design for corporate service innovation. The second research question aims to provide better understanding of the challenges faced by service designers in such situations. This is an extension of the first research question regarding corporate context, which explores how service design adapts to the different contexts of corporate service innovation.

The next chapter outlines how the research aims and questions are addressed by this study. It explains the research methodology, including epistemological and ontological stances, research design and evaluation.

Chapter 3

Methodology

Doing service design research in
organisational settings

3.1 Introduction

3.1.1 Chapter overview

This chapter outlines the research methodology adopted by this study. It begins with an overview of the research design, introducing the key elements such as epistemological stance of design research (section 3.2), the research design (section 3.3), the methods for data collection and analysis (section 3.3), and an evaluation of the research design (section 3.4). These elements are further explained, discussing the rationale, the implementation, and the evaluation of the methodology employed. Section 3.5 summarises the chapter.

3.1.2 Methodology overview

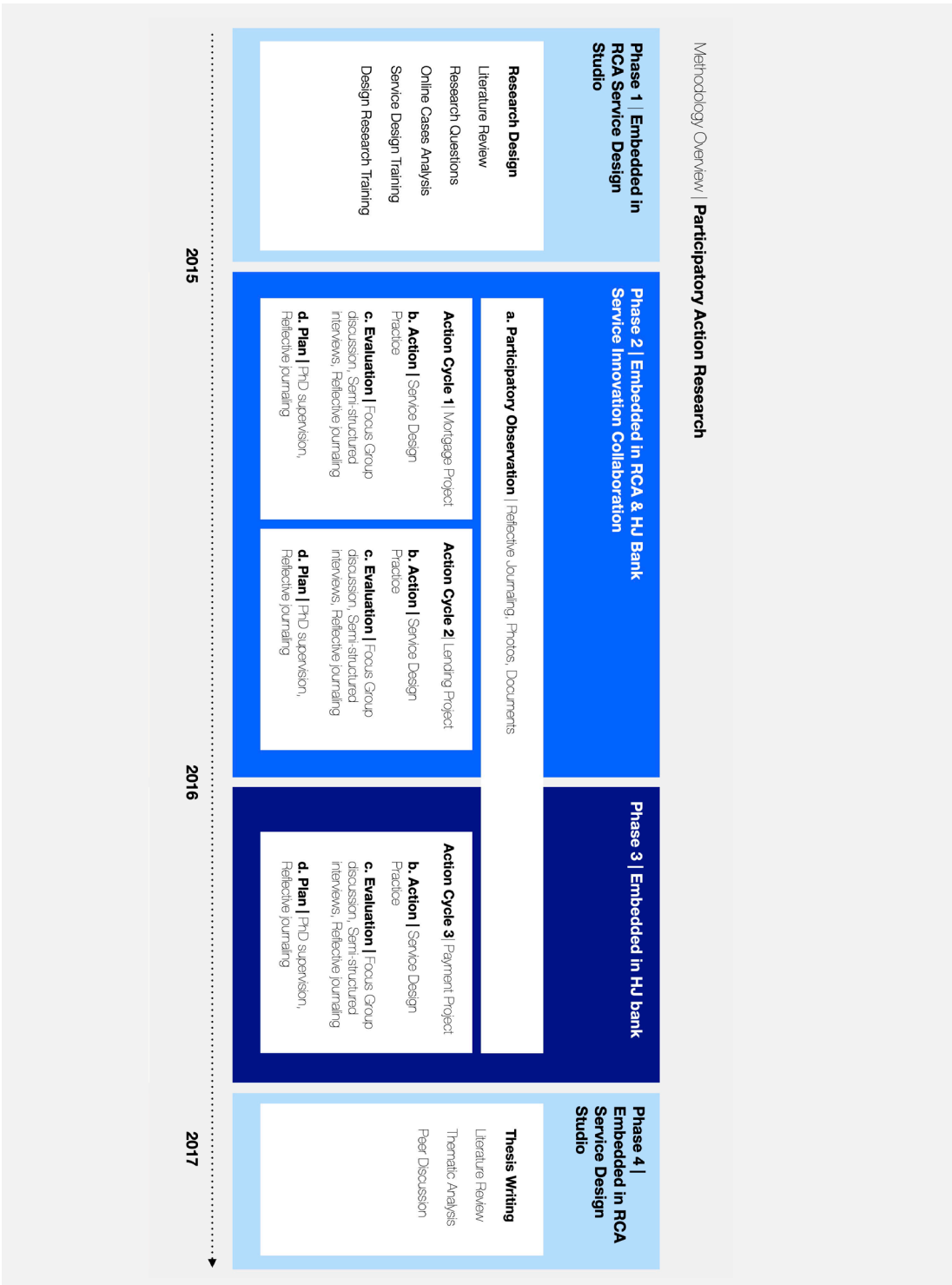


Figure 6. The research design overview of this doctoral study

'Indeed design researchers, being also trained as designers- a fundamental prerequisite- are endowed with the design intellectual culture: they not only look at what is going on in the world (descriptive stance), they look for what is going wrong in the world (diagnostic stance) in order, hopefully, to improve the situation.'

– Alain Findeli (2012, P.128)

Research Design

This doctoral research started in late 2014 at the RCA service design studio and was aimed at furthering service design practice for service innovation. There are four phases in this research process (see figure 6). The first phase started with research design while the doctoral researcher was embedded in the RCA service design studio as a PhD candidate. This included conducting a literature review and online case analysis, formulating research questions, and training in both service design practice and design research. The research aimed at filling two knowledge gaps identified by the literature review, through addressing the following research questions:

- **(RQ1)** In what corporate contexts is service design practice adopted in the UK's financial service sector?
- **(RQ2)** What are the challenges encountered by service designers and service design practice in these contexts?

In the second and third phases, an opportunity arose to become embedded as a service designer and to innovate financial services at HJ bank. To achieve the research objective, this doctoral study chose a strategy of participatory action research to enquire into the context of design practice and the related challenges.

In epistemological and ontological terms, this participatory action research is in line with the design research paradigm of knowing. Influenced by the tradition and history of design research in the RCA, the researcher adopted a 'research through design' methodology (Frayling, 1993) with observation and design action to understand the

organisational context. The design research tradition reflects the relationship between 'making' and 'understanding' in design where 'invention comes before theory' (Pye, 2000; Cross, 2006). The notion of research through design is further discussed in section 3.2. The rigour of the design research paradigm is reflected in the systematic nature of the enquiry (Archer, 1995). In this thesis, participatory action research is adopted as a research strategy to respond to the need to explore the phenomenon of the in-house service designer, by adopting the position of inside investigator. This is in line with Herbert A Simon's (1996) theoretical stance on continuous modified research design in the context of configuring organisations and Alain Findeli's (2012) 'diagnostic and prescriptive stance' in relation to design research epistemology. The methodological considerations address the weakness of current research and methodologies for exploring the need to adapt service design practice to corporate contexts in the financial sector.

The participatory action research strategy includes data collection and analysis based on an iterative process of observing, acting, evaluating and planning with participants in the field. Over the two years of the research, the doctoral researcher participated as a service designer in HJ bank's NSD projects and the incorporation of service design practice. A further description of the RCA service design studio and HJ bank is provided in Chapter 4 (section 4.2). The iterative research process comprised three action research cycles (see figure 7).

In the first action research cycle, initial embedding began with collaboration between the bank and RCA as an external design studio, to deliver new service concept for mortgage. The researcher participated as one of the service designers in the external design team for the initial NSD project with the bank. This first new service development project is further described in Chapter 4 (section 4.3).

In the second action research cycle, the researcher participated in a second project (section 4.4) in a partnership between the RCA studio and the Service Lean (SL) department in HJ bank. In the action research cycle, the researcher enquired into the

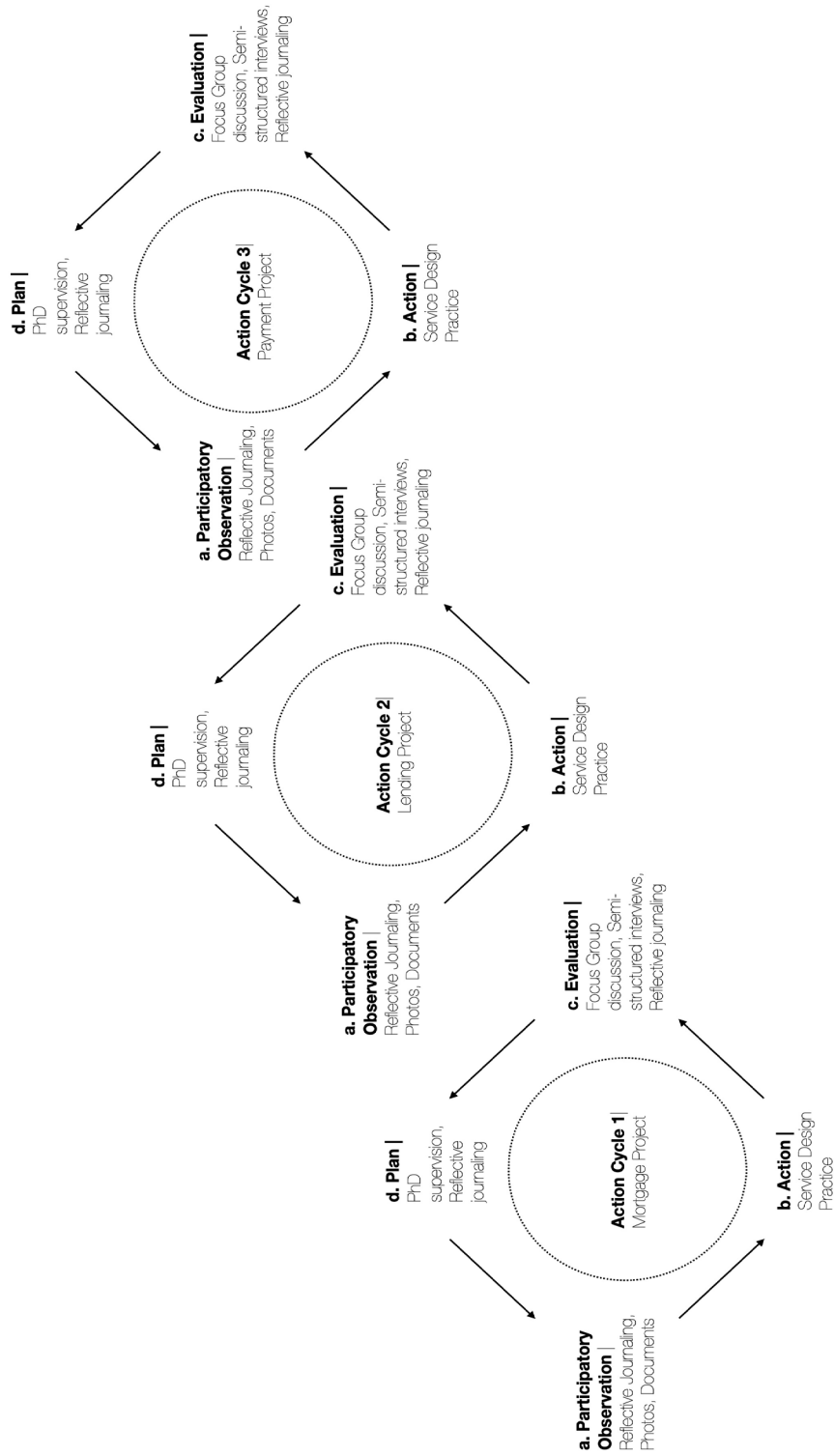


Figure 7. The action cycles overview of this study

context of service design practice and its challenges. In parallel, the embedding of service design practice extended beyond the NSD project collaboration between the bank and the external studio and the SL department began to hire service designers and build service design training with the RCA studio, to create internal capability to deliver NSD projects on its own. The researcher participated as a service design trainer, hired by the bank, to support its internal capacity building.

In the third action research cycle, the doctoral researcher was embedded as a service designer in the SL department to support its NSD projects with internal clients from other parts of the bank. Project Three, described in Chapter 4 (section 4.5), involved participating as one of the project team members to design and develop new services for BACs payments.

Taking account of these epistemological and ontological considerations, the research plan included access to a financial services corporation in 2015. The research design is a mix of data collection and analysis methods to address the research questions, as explained in section 3.3.

During the participatory action cycles, the research involved qualitative data collection via participatory observation, semi-structured interviews, focus group discussion and reflective journal keeping. The field research data are analysed synthetically to generate a theoretical framework for service design practice in a financial corporation.

Given the context of service design research in an organisational setting (namely, a bank), this thesis includes continuous reflection on the design researcher's relationship with the fieldwork and the informants. It follows the ethical standards and ethics policy of the RCA. All participants and organisations involved were informed about the purpose of the study and assured of anonymity through the use of pseudonyms. Research rigour is reflected by the systematic research design which follows the RCA's research tradition.

3.2 Epistemology and ontology

The epistemological and ontological considerations for this study contain two elements. Epistemology concerns the kinds of knowledge it is possible to obtain (Blaikie, 2009, 2007). It answers the question of how do we know (Blaikie, 2009). Ontology concerns with the nature of reality in the social world (Blaikie, 2009, 2007). These concerns underline the philosophical assumptions of academic research regarding how knowledge can be gained and how social reality can be understood. In the context of design research, these philosophical assumptions are concerned with the questions: what kind of knowledge is design knowledge, and how can design knowledge be obtained. Section 3.2.1 introduces and discusses the key discourses around what is considered design knowledge. Then, section 3.2.2 contextualises the historical discourse and outlines design knowledge for service design practice.

3.2.1 Design knowledge

Defining design knowledge from the design literature is not straightforward. Definitions of design knowledge are mostly implicit in the discussion of what design research is. Here, the review aims to highlight some key scholars of design research and their view of what constitutes design knowledge.

Richard Buchanan's 'new learning'

Richard Buchanan is the editor of Design Issues, and one of the most influential design researchers and educators in the US. Around the 2000s, he pioneered the discussion on the phenomenon of expansion of design practice into management and wider social-economical fields (Buchanan, 2015, 2001, 2008, 2005, 1992). According to Buchanan (2011), design knowledge should not be considered to be the same as scientific knowledge in the natural sciences. Instead, design knowledge works to connect and integrate knowledge from institutionalised fields to produce an effective product. In addition, he acknowledges the emergence of new design disciplines (i.e.

interaction design, service design) into the fields of management, innovation and wider society issues (Buchanan, 2001). Compared to traditional design disciplines (i.e. graphic design, product design), he suggests that knowledge in these new design disciplines should extend beyond the external perspective of the product (e.g., form, shape and functionality), and focus rather on the internal perspective of products (e.g., usability and desirability) in context (Buchanan, 2001). This new kind of design knowledge combines knowledge from other disciplines: 'Design knowledge, it seems to me, lies in our grasp of the principles and methods of design that allow this activity to take place and lead to effective products' (Buchanan, 2001). For him, this new idea of design knowledge, including the internal perspective of design output in context, design principles and methods, should be the new focus of design research.

Nigel Cross's three design knowledge categories

Nigel Cross is another influential design researcher and educator, who has been widely cited for his work in differentiating design research in higher education (Cross and Society, 1972; Cross, 2001a, 2004, 2001b, 2006). In reviewing design practice and research, Nigel Cross (2006) proposed three categories or sources of design knowledge: people, processes and products. People investigate how designers develop their design capabilities, using what Cross calls 'design epistemology'. He provides example of studies on how people develop their design capabilities (Cross, 2001a). Processes refers design and design methods such as sketches, which Cross describes as 'design praxiology'. Products are the forms and materials and finishes (Cross, 2006), which he describes as 'design phenomenology - study of the form and configuration of artefacts' (Cross, 2006). Compared to earlier discussion of Richard Buchanan, these three categories of design knowledge drew the attention more towards to designers, their design actions and outputs.

Design knowledge for innovation

In the innovation literature, the design process is crucial for design knowledge for

innovation. Two leading scholars in this field are worth mentioning here. In design-driven innovation, Roberto Verganti (Verganti, 2013; Verganti and Dell'era, 2006) focuses on the formation of new meaning by designers to create product innovation. Tim Brown (Brown, 2009, 2008) argues that design thinking is a process of reasoning about how design practice can contribute to innovation. The Cox Review (Cox, 2005) describes the relationship between innovation and the design process (Marenko and Brassett, 2015) and defines innovation as 'the successful exploitation of new ideas' (Cox, 2015, p2). It is 'the process that carries them [ideas] through to new products, new services, new ways of running the business or even new ways of doing business' (Cox, 2005). This emphasis on process provides a theoretical lens to investigate what design knowledge is considered as a key focus, in the context of innovation.

Situated knowledge of the field

Design knowledge is both contextual and situated (Otto and Smith, 2013). In design anthropology and participatory design studies, in particular, it requires the designer to understand the field and the context of his or her actions (Crouch and Pearce, 2012). In the service design literature, Jeanette Blomberg an anthropologist from IBM's research centre, argues that design knowledge for service design practice needs to take account of the local context of services (Blomberg and Darrah, 2014). This knowledge about context is a critical element in the process of change, in which contextual knowledge about the social reality is shared by participants.

To summarise, the design knowledge has been examined through different theoretical lenses, particularly in relation to the new emergent design discipline for innovation. It is worth emphasising that the context in which design practice takes place, including the internal perspective of design outputs (Buchanan, 2001), design actions and processes (Cross, 2006; Cox, 2005; Brown, 2008, 2009), and the situated environment of designers and their practices (Otto and Smith, 2013), are essential components for epistemological consideration in design research.

3.2.2 Design knowledge for service design practice

Drawing from the review and conclusion from section 3.2.1, this section aims to apply the theoretical lens of design knowledge, as the key focus for epistemological consideration, to service design studies.

Knowledge about the organisation

Nigel Cross's people, processes and products framework leads to questions about design knowledge on 'products' for service design practice (Cross, 2006, 2001a). Richard Buchanan (2001) argues that the notion of product can be understood as experience and (social) systems; the 'product' of service design is the service organisation and the service delivered. In this research, the system is the bank providing the financial services.

Knowledge about the process

In line with Nigel Cross's emphasis on design process, how the 'product' is designed is also critical for service design knowledge. Service innovation comprises a complex process of organisational changes and focus on the processual knowledge related to service design practice. Since both the design and the innovation process emerge in a social context, knowledge about process is similarly contextual. This research examines where the process happens and how.

Idealism and constructionism

To develop knowledge about organisation and process, the ontological assumption refers to what is considered the social reality. This research assumes the position of idealist as opposed to realist. Norman Blaikie (2009) describes an idealist position as where social reality cannot be separated from the social actors; social reality is constructed by shared interpretations.

This philosophical assumption of social reality fits with this doctoral research and its objectives, allowing enquiry into the corporate context in which service design practice contributes and takes place.

Alongside the idealist assumption, is the epistemological assumption of constructionism. According to Norman Blaikie (2009), constructionism assumes that organisational knowledge is the outcome of interpretation of the social reality: the knowledge reflects the standpoint of the researcher. All observation is theory-laden.

3.3 Research design

3.3.1 Research strategy

The research strategy is an important element of the research methodology and defines how the researcher investigates the research questions to generate new knowledge (Bryman, 2012; Blaikie, 2009). In this section, the research strategy and its tradition is reviewed in two domains to help to define the strategy employed in this study. The first domain is design research. It draws on insights from influential works by Nigel Cross (2001, 2006), Christopher Frayling (1993) and the design anthropology community (Otto and Smith, 2013). The first domain helps to clarify the research strategy for linking design practice and research to build design knowledge in organisational settings. The second domain refers to organisational development and contributes to knowledge on developing organisational change in the context of corporations. This second domain clarifies how research with the aim of innovation could be done in the organisational setting. It discusses participatory action research and compares it with research through design, to articulate the research strategy chosen for this study.

A designerly way of knowing

The background to debate on scientific research and design research is the idea of a 'designerly way of knowing' (Cross, 2006), articulating a unique way to develop design knowledge. Cross argues that, compared to scientists' analytical problem solving, designers identify and solve problems through synthesis. He explains that this way of developing knowledge is essential, particularly in the context of 'wicked' or ill-defined problems: 'In order to cope with ill-defined problems, designers have to learn to have the self-confidence to define, redefine and change the problem-as-given in the light of the solution that emerges from their minds and hands' (Cross, 2006). This way of exploring and discovering new knowledge is particularly useful for this doctoral research. The literature review identified a gap in the knowledge

of service design practice in corporate contexts. To enquire into this gap involves a designerly way of knowing that allows new knowledge to emerge through the process of design practice and design research in context.

Research for and through design

Reflecting on his time as a prominent art and design educator at RCA, Christopher Frayling refers to the definition of design research as research into, for and through design (Erlhoff and Marshall, 2008). The notion of research into design. It refers to research that takes design as the research topic (Frayling, 1993), and is considered the most straightforward type of design research (Erlhoff and Marshall, 2008) including design history studies. Research for design is research where the goal is designing, and research through design refers to a unique research method in which the processes of design and research are intertwined. It suggests that: 'Rather researchers feel their way into the field of research, interact with it and, if necessary, alter it through considered and deliberate interventions' (Erlhoff and Marshall, 2008).

In relation to the gaps in current service design knowledge, this research uses the notion of research through design to investigate the interaction between the context of the design action and practice, and the elements of research for design. An understanding of the corporate context allows the development of further design knowledge for service design practice. Here, the position of research for and through design is the most relevant.

Design anthropology

Design anthropology, which belongs to the field of human computer studies, is a 'distinctive style of knowing', which investigates the design practice context (Otto and Smith, 2013). An example is the work of Lucy Suchman, who pioneered human-computer interaction research in Xerox's Palo Alto Research Centre (Schuler and Namioka, 1993). By combining designer intervention with the tradition in anthropology, to understand the social condition, design anthropology is considered a new way

understanding how to develop knowledge for change (Otto and Smith, 2013).

Participatory action research

Participatory action research is considered an appropriate research strategy to investigate organisational change and its context (Whyte, 1991; Foth and Axup, 2006). This research strategy has similarities with research through design, in which design action is considered to be interconnected (Findeli, 1995; Joost et al., 2016). As a research strategy, it is in line with the contextual situation of the RCA service design studio and its partnership with HJ bank's SL department. As a member of the studio, the doctoral researcher assumed the position of service designer to examine the context of service innovation in three projects, through design practice and action. This research strategy acknowledges the participatory element of research, in which actions and research enquiry are constructed through dialogue with people at large, rather than depending on a lone academic voice. This strategy supports exploration of the knowledge gap in the service design field. As discussed in Chapter 2, the field of service design practice involves participation of diverse stakeholders and collaboration among different disciplines (Segelström, 2013; Han, 2009). Hence, this research uses the strategy of participatory action research to investigate the research questions.

3.3.2 Formulating the research questions

The research idea stemmed from the researcher's major interest in service innovation - understanding how it happens and how it helps companies to innovate. The research began by designing a digital collaboration related to innovation, based on the researcher's master's level research on digital workspaces and innovation management, and work experience in the design of a digital information system solution for a charity start-up. The researcher spent the first two semesters of his doctoral training exploring the field and attending the annual work-tech conferences held in London. Conversations with practitioners at these conferences and subsequently,

suggested that how and where service design practice is applied required more investigation. This led to formulation of the first research question:

- **(RQ1)**) In what corporate contexts is service design practice adopted in the UK's financial service sector? (This exploratory question addresses the issue of what the contexts within the organisation influence the practice of service design.)

The second research question emerged from the first design project where new challenges were observed:

- **(RQ2)** What are the challenges encountered by service designers and service design practice in these contexts?

3.3.3 Data collection methods

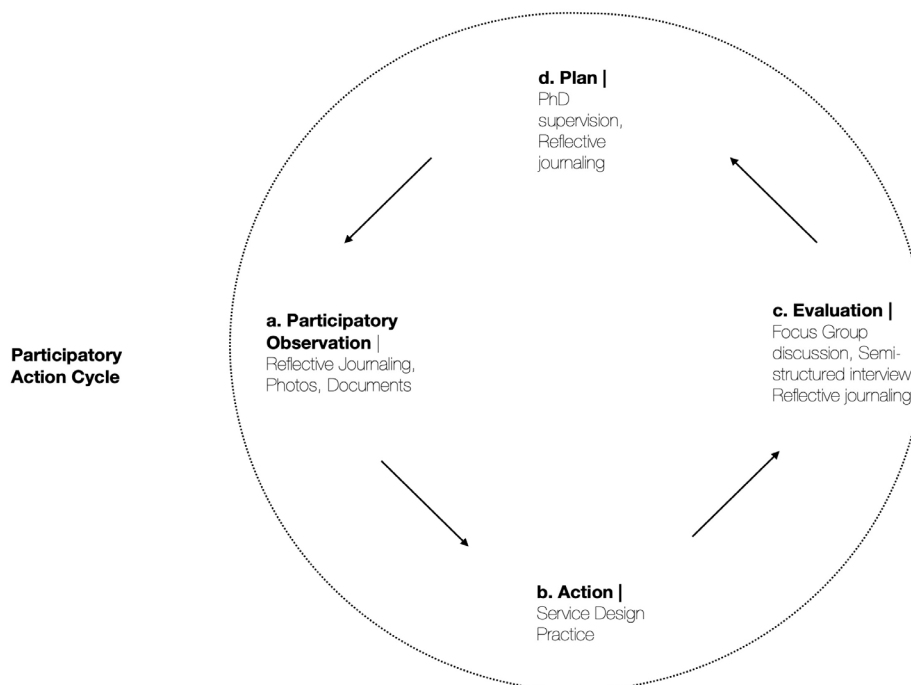


Figure 8. Data collection method overview in a participatory action cycle

In terms of data collection methods (see figure 8), this research uses a mix of qualitative research methods, including participatory observation, focus group discussion, semi-structured interviews and reflective journaling to capture the qualitative data that are relevant to the research questions. These data collection methods are explained in the following sections.

a. Observation: participatory observation

Participatory observation is a qualitative research method, which helps the researcher to understand a phenomenon within a given context. It involves data collection through observation of individuals, following the tradition in anthropology (Saldana, 2011), and applied design research in a social context (Sanders and Stappers, 2012). This method has been employed in various business and design contexts and uses data capture based on researchers' field notes (Lee, 1999; Foth and Axup, 2006; Schuler and Namioka, 1993).

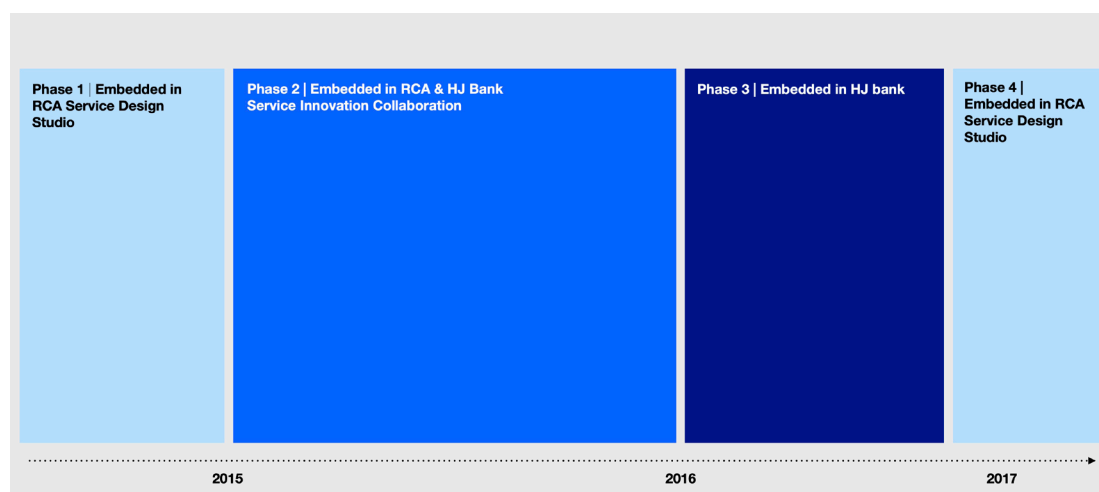


Figure 9. The overview of research phases

This doctoral thesis started with the immersion of the researcher in the field (see figure 9). In phases one and two when the researcher was embedded at RCA, this involved daily observation of service designers working in the RCA studio and visiting

professionals from other agencies, throughout the academic year.

By summer 2016, the fieldwork had moved from the RCA studio to the SL department in HJ bank, where the researcher became a staff member of HJ bank. This involved observation of and participation in the everyday lives of members of the SL department in the Scottish, London and other offices of HJ bank through team meetings, staff training and coaching, design activities and projects.

This immersion followed the ethnographic tradition of collecting and recording data in journal and photo format. The data include the researcher's observations and details of conversations with people in the field. Another part of data collection related to the design projects. The project data included artefacts produced during the projects including communication emails and design works. It also included secondary data such as documents provided by clients and other parties.

b. Action: service design practices

As a core part of participatory action research, service design practices were considered as actions to enquire into the research questions. These service design practices took place in three projects (see section 3.3.5), and ranged from customer journey mapping and design workshops to presentations on production of key service design outputs (see appendix 2). Chapter 4 describes these design actions in further details.

c. Evaluation: focus group discussion and semi-structured interview

Two data collection methods were used to capture the evaluation of service design practice. One was focus group discussion (see appendix 3 and 4). This allows the collection of individual responses in a dynamic group setting, which may reflect the situated surroundings of the phenomenon concerned (Basch, 1987; Krueger and Casey, 2000). As a qualitative research method, focus group discussion also allowed data collection to understand individual opinions of and thoughts about the research

topic. This method addressed the context of the service design practice and the various stakeholders engaged in design practice. Because this doctoral research investigates service design practice in the RCA service design studio and the SL department in HJ bank, focus groups brought together the stakeholders involved in the design practice.

The focus group discussions took place at the end of each project, after project presentation. They provided feedback and evaluation of project outputs, based on the project presentation, and allowed discussion about the problems related to further developments. Selection of focus group members was negotiated with the project managers and, typically, involved stakeholders such as senior client representatives, senior department managers and relevant specialists. To ensure effective discussion, the recommendations in the literature were followed about ensuring adequate and balanced opportunities to respond to questions, facilitating discussion among participants and following up with participants where necessary (Boateng, 2012).

Semi-structured interviews were used to collect data on the opinions and thoughts of the service designers involved in the projects (see appendix 5 and 6). These interviews allow exploration of topics from the interviewees' perspectives (Esterberg, 2002). This data collection method was chosen to understand the context in which the service designers were embedded and to explore the contextual challenges based on the perceptions of those involved in service design practice. The selection of the interviewees emerged as a result of the interactions during the fieldwork and identification of individuals who were willing to talk to the researcher. In Project One, three service designers were interviewed at the end of the project. In Project Two, two service designers were interviewed. In Project Three, two service designers and two senior managers from the SL department were interviewed.

D. Planning: reflective journal and PhD supervisions

As part of participatory action research, a reflective journal (see appendix 7) was

used to collect and develop the research and practice in the situated context (Boyd and Fales, 1983). According to Donald Schön, reflection in action contributes to the accumulation of professional knowledge. In the domain of design practice, in particular, Schön believes that professional knowledge comes from reflective conversations in the context of design practice (Schön 1984). It is believed that this method of data collection and evaluation supports the generation of new knowledge through interaction between the researcher and the phenomenon in question (Harris, 2008). It is in line with the tradition in design research and a participatory action research strategy. The reflective journal was particularly useful to support the ongoing dialogue between practice and research in the changing contextual environment of service design practice. The doctoral researcher used this method to support the reflection phase in the action research cycle, to reflect critically on the learning from the projects. The PhD supervision sessions (see appendix 8) with my supervisors were also a key part of planning in the iterative action cycles. These sessions served as an active dialogue concerning design practices in the field, theories and research questions.

3.3.4 Data analysis method

Thematic analysis

Thematic analysis is a method of data analysis of qualitative data from field notes, documents, images, scripts and recordings (Rivas, 2017). By identifying recurrent themes or patterns within data, it provides a flexible approach to generate new theories related to people's everyday lives and worlds (Braun and Clarke, 2006). According to the literature (Braun and Clarke, 2006), there are a few recommended steps in conducting thematic analysis, as shown in Table 1 below.

In this study, thematic analysis is used to make sense of the data and to answer the research questions on the contexts where service design practice takes place (see appendix 9). At each stage of the participatory action cycle, following the above

Table 1 Phases of thematic analysis

Phase	Description of the process
1. Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

Table 1. Phases of thematic analysis. Source: (Braun and Clarke, 2006, P.87)

recommended steps, the doctoral researcher firstly becomes familiar with the data collected during the field work, including field notes, interviews and documents from the projects. By transcribing the interviews and re-reading and documenting the field notes and other documents, the researcher managed to generate initial ideas around contextual constraints on design practice. In this step, the study was particularly concerned with understanding the challenges for service design practice during the project, particularly from the perspective of service designers in the team. Simultaneously the same themes were reviewed in service design literature together with investigation of how these challenges were being observed, studied and analysed in service design research. It was very useful in this early stage of thematic analysis to discuss the literature gaps and early themes with my supervisors and other service design practitioners. These discussions allowed me not only to identify the gap in service design literature, but also to look into wider academic fields, such as design management and organisational development studies, and to construct a theoretical framework regarding corporate contexts and challenges for service design practice for innovation in financial system firms. In the step of defining and naming the themes, literature from design management was useful to extend knowledge in the service design field. As a result, this study proposed a theoretical framework for service designers to understand its practice and its corporate contexts.

Compared to thematic analysis, the grounded theory established by Strauss (Glaser, 2017) is a very different inductive research methodology that requires theoretical sampling and saturation in its data sampling procedures. However, participatory action research was chosen as the methodology to guide the research process in this study, principally because it fitted the purpose of delivering the objectives of practice as well as enquiring into the context and challenges of service design practice in those projects. With grounded theory it would be difficult to achieve those two goals. In addition, to apply grounded theory, a study would require an efficient number of phenomena that could be used for theoretical sampling in order to ensure the saturation to build a theory. During the fieldwork for this study between 2014 and 2016, theoretical sampling was not a feasible approach, due to the lack of projects and service design involvement at HJ bank. The embedding of service design practice was only just beginning at HJ bank. Section (3.4) provides a detailed evaluation of other research methods.

3.3.5 Participatory action research cycles

This section explains the application of participatory action research through the course of this doctoral research.

There were three action research cycles, between 2014 and 2016, focusing on three distinct new service development (NSD) projects, involving partnerships between the RCA service design studio and the SL department in HJ bank. The doctoral researcher was embedded in the process of incorporating service design capabilities for service innovation in the bank. Each of the three projects lasted three months. The goal of the action research cycles was to support incorporation of service design capabilities for service innovation and to develop service design knowledge to be more effective in a corporate service innovation context. Service design practice was taking place at a fluid period of change in the bank. Using participatory action research as a core strategy responds to the knowledge gap identified in the literature review (Chapter 2),

which calls for a better understanding of the context of service design practice. As explained in section 3.2, , participatory action research is recommended in the service innovation and design research literature by both the organisational development and design research communities (i.e. Price, Wrigley and Matthews, 2018a; Swann, 2002; Foth and Axup, 2006).

The first action research cycle: Project One

The fieldwork started in the RCA service design studio in late 2014. The first action cycle was for Project One (see appendix 11), the first new service development project under the partnership between RCA studio and HJ bank. Project One aims to develop a new mortgage service concept for a new market segment for HJ bank. Details of Project One are in Chapter 4. The total first cycle ran from early 2015 to summer 2015. The researcher was given access and joined the project as a team member and one of the service designers. This first action research cycle allowed the researcher to build trust in the service designer community and understand everyday design practice in a studio context. Following the action research literature (Price, Wrigley and Matthews, 2018b; Swann, 2002), this action cycle followed the four stage model of: planning, action, observation and evaluation/reflection. The data collection methods, including the participatory observation, focus group discussion, semi-structured interviews and reflective journaling, described in the previous section were employed in each stage, to capture data related to the research questions.

The second action research cycle: Project Two

As the partnership moved to the next phase, the second action research cycle began and ran from October 2015 to Jan 2016 as part of 12-week Project Two. This time, the doctoral researcher joined the service designers in the RCA studio for Project Two (see appendix 12). The project aims to develop a new commercial lending service for HJ bank (see Chapter 4 for details of Project Two). During this second cycle, the doctoral researcher became more familiar with the service design set-up in the RCA studio

and achieved a better understanding of the partnership between the RCA studio and the SL department in HJ bank. This second research cycle enabled adjustment of the research to practice through further examination of the context of the SL department and the issues related to service designer practice. The data collection methods described in the previous section, including the participatory observation, focus group discussion, semi-structured interviews, and reflective journaling, were employed in this cycle to capture data related to the research questions.

The third action research cycle: Project Three

The third action research cycle started in May 2016, when the doctoral researcher began a summer work placement in the SL department of HJ bank. This research cycle focused on obtaining a better understanding of the service design practice context in HJ bank. It included Project Three commissioned by the Payment department in partnership with SL department to develop a new service for BACs payments. The doctoral researcher was appointed as one of the service designers. As a member of the project team, the doctoral researcher was able to engage with the planning, implementation and evaluation processes during project development. The data collection methods described in the previous section were employed to collect data related to the research questions.

Finally, after three action cycles, the researcher finished the placement in the partnership between RCA studio and SL department at HJ bank. The researcher then started the final phase of this doctoral research to consolidate data collection and analysis across the three projects. This period allowed the researcher to step back from the action and to compare the contexts of service design practice and challenges across cases in the incorporation of service design at HJ bank.

3.4 Reflexivity and evaluation of research design

3.4.1 Reflection of embedding as a junior service designer

Research set-up and research audience

One of the core decisions in the research set-up is the role of the researcher in academic research. In this study, the intention is to preserve and emphasise a dual role as service design practitioner and as a researcher. This positioning can be explained from two research traditions.

In the field of action research, for example as a teacher-researcher in education, or a nurse-researcher in healthcare, the positioning of researchers typically overlaps with being a practitioner as well during the research. In the 1940s, Kurt Lewin, who was considered as the founder and advocate of action research, argued the benefits of not separating academic agenda from real life priorities and problems. Instead, researchers are embedded in or come directly from the community that is being researched. This allows the researchers to collaborate with the community to drive social changes as well as to develop new knowledge through the evaluation of their actions. In comparison to grounded theory, developed by Glaser and Strauss (1965), action research argues for different research stages through observation, action and evaluation. Action research also differentiates itself from grounded theory in terms of sampling measures, as grounded theory requires a theoretical sampling technique to build the theory. In this study, one of shared goals amongst participants (including the service designer, HJ bank managers, and the RCA service design studio) was to innovate banking services through design at HJ bank. The notion of driving organisational change was inherently related to the action research tradition. Rather than selecting grounded theory as a research methodology, action research was chosen, fitting better to the shared goals of participants as well as recognising the action research tradition rooted in organisational development studies.

The second research tradition under consideration is design research, where the dual role of being a researcher and a designer is also widely acknowledged. Design research scholars, such as Sir Christopher Frayling, Nigel Cross, and Bruce Archer, have argued the value of a designerly way of enquiry into design practices. Therefore, in this research, being a researcher and a designer, I chose to be embedded within the service design projects as a researcher to closely understand design practice and its context and, as one of the service designers, to enquire into design practices at RCA and at HJ bank. This was an important decision in the research set-up, not only because it allowed me to take advantage of design as an enquiry tool, but also because it helped me to explore the research questions regarding the context of design, and particularly addressing the constraints that design actions face.

As a result, this study speaks to service design practitioners who are working within large system firms such as major banks, highlighting the context where design practices take place and the challenges posed for service designers.

Background knowledge as a junior service designer

In the first year of becoming a doctoral research student, I was lucky enough to join two training programmes to build up essential knowledge as a service design researcher. Here this study reflects on that background as a junior service designer.

Background knowledge from design research methodologies training:

The first training programme (see appendix 10) was provided by RCA doctoral training centre. This programme covered different methodologies for design research and encouraged me to explore the tradition and the history of design research, primarily in the UK. It allowed me to understand the important discourse pioneered by scholars such as Sir Christopher Frayling, Bruce Archer, Nigel Cross and Richard Buchanan. Their journals and books highlighted the difference between design research and scientific research, and the value of design as a form of enquiry into new knowledge. In addition to this training, I also benefited from time spent with other design research

students sharing our questions, ideas and interests. This allowed me to position this research in a wider landscape, to see commonality in values in the design process, methodologies and external contexts where design practice takes place, and in responses. Perhaps, this inspired me to focus on the sectoral and organisational context where service design practice takes place, rather than to seek a more general application of service design, regardless of its context.

Background knowledge from service design training:

The second training programme was from the MA service design department at RCA (see appendix 1). I joined the first- and second-year cohorts of service design students for their lectures, visiting practitioners' talks and project activities. These students were mostly from professional or educational backgrounds in design fields, ranging from graphic design (visual communication), UX design, to industrial design. The service design training covers the design tools, methods and process, ranging from customer journey, persona, service blueprints, stakeholder mapping and service design principles. The learning was developed based on the available literature, visiting practitioners' talks and project critique sessions provided by tutors (see appendix 1 course modules). This helped to recognise the common practice and knowledge in the service design community.

Background knowledge from other fields:

Apart from the training shared by service designers in this study, it is difficult to generalise about the knowledge backgrounds of junior service designers. This is because those recruited at the RCA studio and HJ bank all come from different backgrounds in terms of demographic, professional and educational experience. In the first HJ project, for example, the project team includes service designers from age groups varying between 20s and 40s, different nationalities, and different professional. Some have more knowledge in UX working in management in an electronic company. Others have more knowledge of industrial design or of other fields outside design (e.g. management). These backgrounds do sometimes become relevant in service

design projects. For example, as a graduate from innovation management myself, I was aware of the change management literature but not its clear relevance to service design practice. At the outset, it was difficult to find pertinent literature to understand the relevance of those fields of knowledge to service design practice, as noted in the literature review. Therefore, it becomes one of the aims of this study to seek the knowledge needed for service design practice but also to bring related knowledge from other fields.

Taking this wider range of background knowledge into consideration, this research then seeks to explore any challenges encountered by service design practice in the HJ bank projects. By doing thematic analysis on those challenges, the research highlights the relevance of organisational contexts to practice and generates a theoretical framework for service designers to guide their practice in system firms' service innovation.

The job seniority of a junior service designer

Apart from knowledge, another consideration is the seniority of a junior service designer. The term junior service designer does not necessarily refer to a young designer or designer with little professional experience, but rather, highlights the seniority of service designers within the organisational hierarchy, in terms of the reporting line rather than individual knowledge. The position in the reporting line, as explained later in the discussion chapter, presents different conditions for service design practice. For example, in the HJ bank projects, service designers were relatively new hires created under current organisational structure. Rather than establishing an entire new department that might give service designers a senior manager role, service designers were joining at a junior position in the organisational hierarchy. This, it transpired, restricted them in asking the senior stakeholder to join co-creation workshops. There were other occasions, too, where being a junior on the reporting line constrained service design practice. Therefore, instead of generalising regarding service designers' positions, this research wants to reflect the organisational seniority

of the service designers and its relevance to practice in the context of system firm innovation.

3.4.2 Rigour and bias

The discussion of rigour follows different research traditions among natural science and social science. This is related to the discussion of rigour in the research tradition of participatory action research, which focuses on validity in five categories (Herr and Anderson, 2014). These five categories of validity namely process, outcome, catalytic, democratic and dialogic, correspond to different research goals in participatory action research (Herr and Anderson, 2014). The goals of this study's participatory action research are twofold. Firstly, it is to generate new knowledge, for which process validity and dialogic validity are necessary to ensure ongoing learning and action through effective dialogue with a relevant theoretical lens (Herr and Anderson, 2014). To ensure the process validity, this doctoral research carefully designed the action research cycles with clear data collection and analysis methods as described in section 3.3. The research design ensured the process validity required for participatory action research. Secondly, it is to achieve action-oriented outcomes that are relevant to the local settings. This means the validity also comes from the degree of collaboration with the participants, who also have a stake in the research topic (Herr and Anderson, 2014). To ensure this democratic validity, the research applied a mix of collaborative techniques from service design practice during the projects, such as stakeholder workshops and semi-structured interviews, so that the action results for each project were relevant to the local settings. These two procedures ensured the validity required for participatory action research.

Another rigour-related issue concerns the transferability or generalisability of knowledge. In the quantitative research tradition, knowledge is generalised from a sample to a population to ensure transferability (Herr and Anderson, 2014). However, in qualitative and action research, new knowledge frequently is built in relation

to its contextual relevance. Qualitative researchers argue that responsibility for transferability belongs to anyone who seeks to apply this knowledge to his or her own context, rather than on the original enquirer. The duty of the original enquirer stops with the description of the context (Herr and Anderson, 2014).

The dilemma of insider or outsider

One of issues in participatory action research regards to the positionality of the researcher in relation to the participants and topics in investigation (Herr and Anderson, 2014). The question is: who am I in relation to my participants and my settings? (Herr and Anderson, 2014). It is important to clarify the positionality of the researcher here in relation to the research aims. Since the aim was to build new knowledge from, and design for, the local settings, the doctoral researcher decided to position as an insider researcher, which allowed co-development of new knowledge and actions for the local context.

In contrast to the typical case where a researcher inherits this insider role before the start of research, this study involved an incorporation process where the researcher slowly gained a more insider position from the RCA studio into the HJ bank, during the period of 2015-2016.

Another dilemma was related to my previous experience, as I had of worked in two large service corporations: a retail department store in the UK and a bank in China. This experience gave me an awareness of the invisible power structures and the diversity of staff members in terms of age, education (e.g., disciplines, degrees), family status and cultural ethnicity. Herr and Anderson (2014) refer to this complex research position in action research as 'the outsider within'.

The researcher's position has methodological implications in terms of the position of power. The doctoral researcher was aware of the multiple roles he assumed within this participatory action research. In the first phase, as well as being the researcher, the researcher acted as a service designer, participating in a partnership project. The role

of designer changed gradually from one of designer participant in Project One, to lead designer managing the project team in Project Two. This resulted in an internship in HJ Bank. During the time embedded at HJ bank, the role of researcher was combined with the role of collaborator, facilitating collaboration within the project team. The partnership was set up in such a way that it had no methodological implications; and the evaluation aspect of the research avoided evaluation of the partnership, while rather emphasising investigation of the service design practice and its contextual settings. Conversations and interviews were not affected by the researcher's position as a junior service design consultant on an internship programme. On the contrary, the researcher reflected continuously on the methodological position as a 'learner' in the community.

Other research methods

The consideration of participatory action research reflects the aim of embedding service design into the corporation.

When the research started, the academic literature was focused, mostly, on the agency aspect of service design practice. UK banks were beginning to show an interest in service design and understanding what customers wanted. This was influenced by the emergence of fintech such as Apple Pay (in 2014) and Monzo (a pre-paid card with smart app functions introduced in 2015). To explore the phenomenon of this first-wave of service designers working inside corporations, the doctoral researcher became involved in incorporating service design practice in HJ Bank through a partnership with the service design studio at RCA. Participatory action research was chosen as the most appropriate research method to develop a better understanding of the practice of service design in a corporate, the primary consideration for the chosen research methods. The second consideration is the emphasis on the research tradition in the service design discipline. There are two elements in this second consideration. The first element is related to the designer as a researcher investigating his or her own practice in order to develop the design discipline. In the case of the research at the RCA, the

researcher was a service designer, investigating design practice. The second element is related to the individuals involved, including the in-house service designers. The human-centred tradition in design research and the service design discipline, values the localised experience of these individuals and proposes problem-framing, based on their positions in the context. Rather than the singular expert view, common in traditional academic research, human-centred design research values the insider's view and frames the problems and generates new knowledge through participation with insiders. In contrast to the role of external expert taking a bird's-eye view, insiders experience the everyday problems. Participatory design research emerged in the 1980s in a study focused on top down implementation of a computer system design and IT system, which ignored the experience and voice of workers (Schuler and Namioka, 1993). A participatory research design offers a different approach to computer information system design and allows discourse on design for social innovation and transition for community change. Participatory action research is a common and valid tradition in education and research on social community change, where new knowledge about change is gained through action with participants (Herr and Anderson, 2014).

Had this study been conducted in 2018, some other research method might have been preferred. Since this thesis research was conducted, more banks have adopted service design practice - either by hiring service designers and creating service designer roles or creating a team of service designers and other specialists to consult and act internally. As the phenomenon spreads, the choice of research methods will become wider and could include multiple comparative case studies and other inductive research strategies. However, these alternative methodologies were not appropriate at the time of the research, which was exploratory and investigated service design and its development through action and reflection. A participatory action research design is able to capture local knowledge generated through action in the field and reflection on the challenges facing the service design discipline in a corporate context. In addition, the choice of participatory action research allowed the integration of knowledge from other fields linked to service innovation. The

traditional approach to knowledge generation in separate disciplines (e.g., change management, innovation studies, and service design studies) is not sufficient to cope with the complex issues that arise when studying service design in a corporate.

3.4.3 Ethics and confidentiality

This study complies with the RCA's ethical requirements and the Social Research Association Ethical Guidelines (Roberts, 2003), in relation to recruitment of interviewees and focus group participants, obtaining the necessary consents, and treatment of confidential information. Written permission for access was obtained in advance, and all information that might identify the organisation and the research participant have been anonymised. During the research, consent was obtained from individual interviewees and the objectives of the research were explained in detail in advance.

Risk

One of the risks related to participatory action research is the politics of the local context. The researcher must continuously assess the risks related to posing particular questions (Herr and Anderson, 2014). In my field research, the risk issue was particularly pertinent because of my role as a new junior service designer within the organisation, who was not in control during the course of the research. For example, in early 2015, the initial aim of the partnership was to implement an end-to-end service innovation process, led by the service design discipline. The research questions focused on how to reconstruct the process and project formation. However, as a newly recruited service designer in HJ bank, I soon realised that the service designers' actions were limited by their lack of power in the organisation. This prompted an adjustment to the research question to address how service design practice could be adapted to a corporate context through embedding.

3.5 Summary

In summary, this chapter has introduced the methodology used for this research, describing its epistemological position (section 3.2), and the choice of participatory action research as the research strategy (section 3.3.1). The data collection methods (section 3.3.5) were a mix of participatory observation, focus group discussion, semi-structured interviews and a reflective journal. Thematic analysis was used to allow triangulation to interpret qualitative data collected from the three action research cycles described in this chapter, along with the structure of the three new service development projects.

In section 3.4, the research design was evaluated from the perspective of research rigour and the relationship between the researcher and the participants. It discussed ethical issues, confidentiality and risk. This section on reflexivity in research design should provide a better understanding of the rigour and limits of this research.

Chapter 4 introduces the detailed contexts of the RCA studio, SL department and HJ bank, with full descriptions of the three new service development projects which were the subjects of the participatory action research.

Chapter 4

Three Projects

4.1. Chapter overview

This chapter starts with the contexts of the two organisations and their partnership for incorporating service design capability for service innovation. Section 4.2 first introduces the RCA service design studio and its history, organisational set-up and service design capabilities; then, the HJ bank and its external and internal environment for service innovation. In this part, the SL department, an internal management consultancy at HJ bank, is introduced with its history, business functions and organisational set-up. The partnership between the SL department and the RCA service design studio is explained in section 4.2.3 as the background for three new service development projects. These projects are then described individually in the following three sections (section 4.3, section 4.4 and section 4.5). In each section, the description focuses on the process of the project and on service design practice. It highlights when and how design actions took place during the project process. At the end of each project, the learning from the action research cycle is also highlighted from the evaluation of the project. There is a summary of key learning from the project at the end of each section. Lastly, section 4.6 summarises the chapter.

4.2. The contexts

This section introduces the background of where the three projects took place between 2014 and 2016. First, it explains the organisational background in which service design capability is situated. It introduces the RCA service design studio as the external design agency, working with HJ bank to incorporate service design capabilities into its service innovation. It describes HJ bank and the department that worked with the RCA studio to incorporate the service design capability. Second, it introduces the partnership between the RCA studio and the Service Lean (SL) department, and discusses the service design capability in the SL department, which constitutes the background to the three projects. This provides an understanding of both the location of and the journey involved in these three projects during 2014 to 2016.

The description of RCA studio includes a brief history, RCA's service innovation strategies, its service designers and the resources available for service design practices. The description of HJ bank discusses the external and internal service innovation environment. It highlights the complex service innovation landscape and the strategies and efforts employed in different parts of the bank. It focuses on the SL department, the business unit that partnered the RCA studio, and its internal capabilities, its position within HJ bank and the resources provided for service design practice.

The partnership background between RCA studio and SL is described, highlighting the journey of incorporation and the projects' relationship with the partnership.

4.2.1 The RCA service design studio

The fieldwork started in 2014 in the RCA service design studio (see figure 10). The Royal College of Art Service Design Programme was created in 2012, as a result of a UK government innovation initiative called the 'Design London' programme, which

was a joint venture between the RCA and Imperial College London. The Service Design Programme offers Master's and doctoral courses in Service Design in the form of structured academic programmes comprising lectures and seminars combined with practical experience. The experiential aspect of the programmes involves students working on live design projects with major corporations and government departments, which allows them to apply their theoretical knowledge and reinforces their learning with practical knowledge, allowing the development of unique design practice. The combination of lectures and studio work uses innovative design methods, tools and research. At end 2014, the programme had enrolled its first 20 graduates on the master's programme. They became the first cohort of 'service designers' in the UK with a service design master's degree. In the following years, the numbers of master's students and graduates from the RCA increased, reaching nearly 40 graduates in 2018.



Figure 10. RCA service design studio

Its service innovation offerings

Since 2012, the RCA studio has been partnering with major organisations in the public and private sectors, to support their service innovation efforts. The RCA studio collaborates with clients in their NSD projects, offering design methods training and consultancy related to integrating service design in clients' in-house service innovation capabilities. At the RCA studio and its partnership, service design is considered to be

an important component of service innovation. It places the service design discipline at the centre of service innovation and suggests a design-centric model for service innovation, influenced by frameworks from UK Design Council (Design Council UK, 2007b; Design Council UK Technology Strategy Board UK, 2011) and design-driven innovation (Verganti, 2013) (These frameworks have been reviewed in Chapter 2).

The service designers in the studio

The service design studio has a clear and simple organisational structure (see figure 11). It was set-up by the former department head in 2012 and includes a team of administrators and tutors responsible for delivering the master's degree programme and providing external training and consultancy for clients. The administrative staff manage communication and relationships with clients, structure the project phases, provide project guidance and project outcome reviews. These last are evaluated by visiting industry design experts. The sessions are organised as tutorials and the experts guide and review the progress of the project.

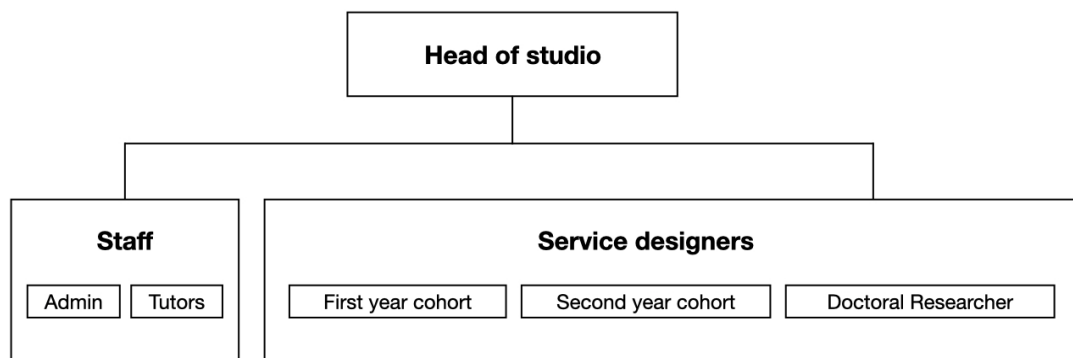


Figure 11. Organisational structure of the RCA service design studio

In addition to lectures, the studio focus is on design practice itself. This manifests through the fact that service design students have to work on at least three projects in a year, which often involve public or private sector organisations. These collaborations are organised as different kinds of partnerships, ranging from public to private sectors. The scope of partnership also varies. It may involve a training programme for the client staff members, and project works such as customer research, or new service development.

Projects within a partnership general involve groups of four or five service designers who are assigned by the administrative staff team. Two senior tutors, who are senior industry design practitioners, are included in the project team to provide tutorial sessions. These sessions provide review and feedback on project development and evaluation of the team's service design practice.

The resources of the RCA Studio

As one of the contextual environments, the studio space and equipment is argued to be important to design practice (Farías, 2015). In service design practice, many aspects, such as mapping activities via post-it notes, rely on resources such as studio space and other equipment (e.g. white board and post-it notes). Between 2012 and 2015, the RCA service design department occupied a dedicated studio space on the 4th floor of the Dana Centre. The studio was open plan with 40 office desks dedicated to individual designers and several moveable whiteboards alongside each project area. After assignment to a specific project, the designers would organise to sit at adjacent desks with white boards and partitions separating them from other teams, thus forming a dedicated project area to enhance team collaboration. This use of studio space immediately caught the attention of the researcher who, in previous experience as a management student, had neither a personal desk nor experienced grouping of the team for the period of the project. In addition to a dedicated project space, the studio also included some shared spaces. In one corner, there was a large meeting room with a TV screen, which could accommodate 22 people. This room was used for

lectures and meetings and could be booked by project teams. There was also a very small meeting room (for four people) which contained a large format industrial printer. This facility could also be booked as needed. There were two other larger rooms on the first floor, which were shared with other organisations in the building. These were used for lectures and project presentations. These shared spaces were very important to the service design practice in the studio. It provided a flexible space for workshops and other design methods to take place, according to project phases. It allowed service designers to organise workshops, team collaboration and conversations with external visitors, or to meet socially with external project partners.

In relation to other parts of the RCA, the service design studio operated independently for its service design practice and new service development projects. During its first three years of existence, the service design studio was located separately from other RCA programmes. It has a unique identity, dedicated space and a culture that was perceived as professional and business like, with closer links to industry than other design programmes offered by the RCA.

Between the end of 2015 and 2018, the service design department moved to the college's Kensington campus where it shared facilities with other design departments in the building. The studio space was less appropriate for service designers and their projects. At the beginning, it was very difficult to find a dedicated space for projects. Either the space was too small, or it was located elsewhere inside the building. There was not enough shared space either. In the event of large group activities (i.e. workshops), they were obliged to rearrange the space more often and to move desks and chairs, in contrast to the situation in the previous studio. For example, for final studio presentations, the spaces had to be cleared, as there were no dedicated spaces for presentations and talks, which added extra preparation work for service designers and their projects. During the time at the studio, this preparation of the space and the equipment for project activities was an essential part of the service designers' tasks and practice, which they believed contributed to the engagement in, and the outcomes of, those workshops and interview activities. This notion of

the preparation of space and equipment as a part of design practice is not a new discovery. In the context of industrial product design, it has been acknowledged in design literature as an important component for effective design workshop sessions (Sutton and Hargadon, 1996).

The dedicated large-format printer was also moved away, and designers had to ask for shared access in the campus. It became less convenient as it was in the Dana Centre. The physical organisation of space is important since service design involves group working, workshops with end-users and project partners and wall displays that include design prototypes in the form of flowcharts rather than 3D artefacts. We return later to the issues related to the working environment and the infrastructure available for designers and interdisciplinary team working.

Other aspects remained unchanged, without extra effort from service designers. The studio was managed by two department administrators who were located in a corner office with two of the academic staff. The head of the department had another corner office at the front of the studio. Requests for equipment, room bookings and other project related issues could be communicated directly to these staff. The studio was open five days a week from 7am to 10pm. Studio members were allowed to invite visitors to the studio without -advance arrangement with building security. Apart from the studio space, the department staff were responsible for project management including external communication to recruit users, and partners' schedules.

4.2.2 The HJ bank

HJ bank is a major UK banking group. It offers a variety of high-street banking facilities, private and corporate banking, under multiple brands. These various financial services are grouped into: Personal and Business Banking (PBB), Commercial and Private Banking (CPB) and Corporate and Institutional Banking (CIB), which, together employ over 100,000 globally and serve 16 million customers. The bank has several offices in the UK, including its headquarters in the north of UK, three offices in London and offices

in Manchester and other UK cities. Referring back to the discussion on organisation types in the literature review (section 2.2.3), HJ bank fits into the category of service corporation, namely system service firms, which is defined by its highly developed division of labour and business function silos, sophisticated technology, complex organisational forms, professional managers and highly regulated environment (Salter and Tether, 2013; Tether, 2013).

It is important to acknowledge the contextual environment of HJ bank since 2008, which is considered below through the lens of economic, social, technological and regulatory factors.

The external environment for its service innovation

The 2008 financial crisis had a major impact on banks in the UK and involved losses and restructuring to meet UK government rules for ensuring national financial stability. Several banks were bailed out by the UK government with taxpayers' money and the UK government has become the biggest shareholder in these banks. This shift in the economic environment was linked also to a series of regulatory changes, including the separation of international investment banking and retail banking. The financial market has been strongly influenced by the regulatory changes introduced since 2008. This high-pressure external organisational environment has also resulted in several internal changes, from C-level leadership changes to divisional level restructuring and redundancies, and from new management procedures to new methodologies such as lean, agile and service design. Apart from the direct imposition of new financial regulations, the UK and EU political environment has been uncertain and unstable. The EU referendum held in the UK in 2016 created an uncertain environment for the banks in terms of their EU operational and governing structures. Discussions about moving the bank's headquarters to an EU country have created uncertainty. This macro political uncertainty involved a major change to HJ bank's merger and acquisition (M&A) strategy, which was enforced according to EU laws. Overall, since 2008, the UK's economic, political and regulatory environment has increased pressure

for banks to change their services and internal organisation.

In addition, the banking industry in the UK has been threatened by technological advances since 2008. Digital technologies, such as smartphones, cloud computing, big data, artificial intelligence and block-chains, have spread rapidly since 2008. The UK Ministry of Trade and Investment in 2014 estimated that these technological advances in financial services, namely fintech, could be worth £20 billion revenue as an emergent sector (EY, 2014), and the then Chancellor of the Exchequer, George Osborne, said it was in the national interest to build the UK as the 'global capital of fintech' (EY, 2016). Socially, these new technologies have massively changed how people use their banks, from face-to-face interaction to mobile, smart and online banking. For example, a banking app on a smartphone allows management of money, from payments, to investment to everyday budgeting. These technological advances aimed to offer faster and more user-friendly ways of banking. In turn, this has put more pressure on HJ bank to digitalise their banking offerings and reposition their resources to compete with these fin-tech firms and other major UK banks.

The new social context has affected three areas of HJ bank. Firstly, innovations mentioned above mean that banking behaviour has changed due to mobile banking and digital payments, and the bank is increasingly judged by the quality of these services. Both the bank and its customers expect a good customer experience. Secondly, bank customers have changed and include the so-called millennials, freelancers and start-up entrepreneurs, who rely on a good banking service and new products to accommodate their life and career needs. The average age of a first-time house buyer is now mid 30s and is involving different financial needs and services. New social behaviours (e.g., lifestyles and career style) from housing, investment, pensions to everyday purchases, are driving change in UK banks. Thirdly, there is a different public perception of the big banks. During the field research, HJ bank staff continuously voiced the need for greater customer trust; they referred to the strong desire to improve 'customer's advocacy' which can be measured by Net Promoting Score (NPS). They worried constantly about the reputational risks related to their

service changes. In the annual reports published in 2014 and 2015, the HJ bank identified customer's advocacy as one of the strategic goals for the entire banking group. However, due to the financial crisis, HJ bank suffered from negative press in the national media on its social and economic impact on UK society. The social context of HJ bank's external environment became a key element prompting their desire to change and innovate.

Its internal service innovation efforts

In addition to the external environment for HJ bank's service innovation, there was also its internal environment to consider. There were several distinctive and visible internal changes during the time that the doctoral researcher was embedded in HJ bank. Since 2014, HJ bank has been involved in service innovation led by digital transformation at the firm-level. To respond to the technological advances in financial services described earlier, HJ bank set up a new digital 'Open Solutions' department to manage and develop digital services across the bank. This became the centralised business function for all digital-related new service development. This digital transformation could be visibly observed during the field work, where the new digital department set up new offices and facilities (including a sprint cell, Ping-Pong table, etc.) across the banking group. They also set up their own development methodologies for new service development, such as agile and sprint, and other development principles.

In addition to digital transformation for service innovation, there was another firm-level change initiative in place - the employee engagement programme called 'Desired to Lead'. Launched with an external management consultancy who specialised in organisational culture consulting, this initiative aimed to transform the managerial practice across the banking group to encourage determination and courage for service innovation. This initiative included a leadership training programme across the bank and departmental objectives to measure its impact. During the fieldwork in 2016, posters and brochures were visible in place across different offices and

buildings of the HJ bank. A new intranet for this initiative was also launched across the bank to engage staff with its development news and announcements. In addition, several team managers in the SL department and the payment department were also required to have a day off from their ongoing new service development projects so as to attend the leadership training day. Their everyday job tasks and project works were also subject to the implementation of this initiative. It was perceived as a part of their job and included in their annual performance review.

In addition to digital transformation and the cultural transformation programme observed during 2015 and 2016, cost cutting was perceived as another dominant firm-level initiative in the bank. In 2015, the newly appointed chief operating officer (COO), who was previously in charge of the resolution unit handling the bank's bad assets, referred often to this initiative to cut the costs of banking operations. This responded to the urgent need across major UK banks to improve the cost-ratios of their existing operations. It was believed that the current operation cost to revenue ratio had to be cut to below a ratio of 50%. Led by this initiative of cutting costs, the HJ bank launched a simplification programme across the bank, which required each business division to initiate new service development projects, called 'simplification', to improve services.

During the fieldwork between 2015 and 2016, digital transformation, cultural transformation and simplification were three visible firm-level initiatives for service innovation. However, there were other less visible initiatives led by different departments within its business division. For example, the commercial and private banking division at the HJ bank had an 'interpreneur' programme to encourage internal employees to develop ideas for innovation projects. This was discovered only through a casual conversation with a staff member from the SL department, which was confirmed later by a meeting with staff who are working on these service innovation applications. Another example was the discovery of a dedicated job role of innovation in the payment department. The payment department had its own head of innovation, who had been introduced to the researcher during the fieldwork. This job role was to focus

specifically on innovation in payments, which included innovations such as Apple Pay and Android Pay. However, compared to the firm-level innovation initiatives, these divisional efforts were less visible and not necessarily coordinated between different departments. There was no clear centralised governance of innovation projects at firm-level to correspond to the service innovation initiative at departmental level.

Alongside new service development efforts at firm level and department level, there were some efforts aimed at introducing new methods and capabilities. In the case of service design, this was described variously as ‘customer-led design’ in a centralised internal management consultancy division (namely the SL department) and ‘design thinking’ in the Open Solution department (see figure 12). These design capabilities were introduced through different external partnerships in NSD projects, training and recruitment. During the fieldwork, there were many occasions when internal staff from different departments were surprised to learn about similar and duplicate initiatives involving the same capabilities described differently.



Figure 12. HJ bank and SL department

In spring 2017, follow-up conversations with a project manager from the Open Innovation department, showed that firm-level governance of innovation projects had been introduced. Projects were selected by the c-level executive committee to fast-track development of strategic innovation projects. For example, one project focused

on development of an open-banking platform following a regulatory change related to managing financial data. This project required collaboration across departments and franchises.

The SL department

Following the 2008 financial crisis, HJ bank went through a major restructuring. One initiative involved the SL department being organised as a 'back-office' to support the transformation planned for 2009. This involved implementation of lean and six sigma methodology to improve the efficiency of service processes. In partnership with a global management consultancy firm, the SL department developed capability in lean and six-sigma and delivered a range of new service development projects across HJ bank with different business divisions. Since then, the SL department has included more capabilities to cover the need for 'end-to-end' service development. The aim of the SL department was to develop a full spectrum offering for new service development, including customer experience, operating models, and process efficiency, to cover all the needs of their internal clients. With the support of partnerships with universities and management consultancies, by 2016, the SL department had 120 people with capabilities in customer insights, customer-led design, cost analysis and modelling, operating models, operational excellence and control effectiveness, which were considered to be the core areas for new service development. In addition to these efforts to incorporate new capabilities, the SL department also managed to build a hybrid framework for new service development from those capabilities. This hybrid new service development framework provided an end-to-end process for how new services could be developed using those capabilities. The department's training material describes how these capabilities allow the department to address firm-level strategic priorities to deliver a better customer experience and reduce the cost and income ratio related to its operations.

Structural location and business functions

The HJ banking group comprises the front-office customer-facing business and the back-office customer support and control functions (see figure 13). As a part of the back-office, the SL department comes under the services division, which is engaged in other back-office activities such as legal, communications and marketing, human resources, and internal audit. The service division responsible to the COO of HJ bank, handles a variety of business functions that are provided across the bank, such as payments, office management, planning and analytics. The SL department is part of the planning and analytics function, which is seen as an internal management consultancy service, providing expertise on service operations and optimisation. In 2016, the structural location of the SL department was in the service division, which is considered as the ‘back-office’ of the bank. As bank-wide simplification started, the service division as a result went through a process of re-structuring. In mid-2016, this resulted in a reporting line change for the SL department, relegating the department to a new head of services.

Internal structure

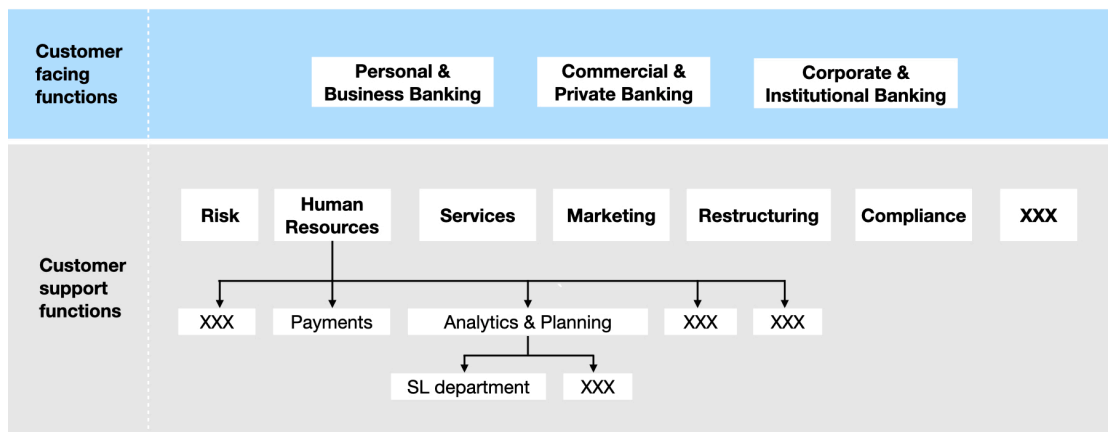


Figure 13. The organisational location of the SL department at HJ bank

The SL department was organised in three reporting structures layers (see figure 14). The first level included five or six Design and Delivery Agents or Design and Delivery Lead Agents who formed the project team. The project team reported to the Design and Delivery Manager or the Design and Delivery Lead Manager. The second level consisted of the department leadership team which included five people: Design and Transformation Lead, the Head of the SL department, a Methods and Practice Lead and two other individuals. The Design and Transformation Leads and the Methods and Practice Lead were in charge of a unit of 20-30 people responsible for delivering internal training and capabilities support programmes to the design and delivery team.

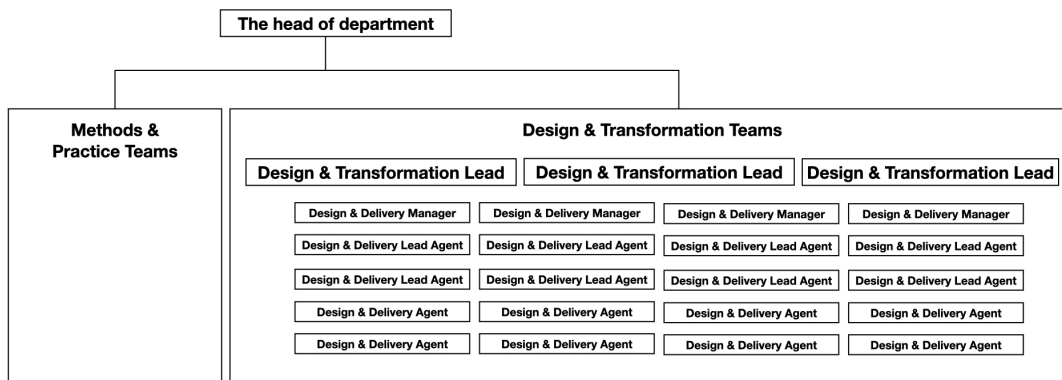


Figure 14. The SL department organisational structure

Partnership and projects

The SL department’s services can be commissioned by all parts of HJ bank, as internal clients to support projects. During the fieldwork, the researcher participated in an on-boarding service development project for the personal banking unit, a customer online banking development project for another internal client, and a BACs payment project commissioned by the Payment Department. These projects lasted, mostly, around 10-12 weeks depending on requirements. The Design and Transformation Manager was responsible for client commissions and management of project portfolios.

Office spaces and tools

The SL department had a presence in almost all the major regional headquarters across seven geographic areas. Its staff members were based at these offices depending on their area of residence. Then depending, in turn, on the internal client and the project location, the project team would travel to the client's office and hot-desk or occupy a temporary dedicated project space. The Method and Practice team acted as the central depository for methods templates, such as customer journey mapping, blueprints, and agile methods. These tools were available to SL department members via formal training modules and project requests. However, they did not compare with the resources available in the RCA studio and did not include production tools such as the Adobe suite or a large format printer. Stationery supplies, such as post-its, tapes, and whiteboards, required an additional application to request supplies from the central office management system at HJ bank. In those projects observed by the doctoral researcher, it was clear that service designers needed to expend extra effort to access adequate materials and facilities for their design activities. Sometimes, they needed to find alternative ways to bypass the formal procedures for accessing those materials and facilities, and reimburse the costs later. This was particularly difficult given the careful consideration of risks and compliance procedures in the banking environment. In addition, the request for customer access was extremely difficult. Rather than the simple procedure at the RCA service design studio, the request for customer participation and feedback needed to be organised through elaborate internal procedures. These procedures required additional intra-organisational collaboration beyond the governance of the SL department.

4.2.3 The partnership between the RCA studio and the SL department

The RCA studio embarked on a partnership with the SL department of HJ bank at the end of 2014. The SL department leadership team was introduced during a networking

event involving another client company. By early 2014, the head of the studio had had several meetings with a senior executive, Narren (for the confidential purpose, this research has replaced the real name with pseudonyms), from the HJ bank to introduce the value of service design practice and how it could deliver a positive impact on services and help the HJ Bank to achieve its goal of being ranked first for customer service by 2020. The researcher participated in two of these early meetings with the head of the programme and another senior tutor.

In these early discussions, the aim was to equip the HJ bank with the service design capabilities required to achieve the strategic goal of building customer trust and improving customer experience. When asked to introduce the rationale for service design training to the cohort of internal professionals in the bank's Service Optimisation department, Narren said that the goal of bringing in the service design capability into his department was to make sure their project could deliver on the customer experience together with their capabilities in Lean methodologies. The studio head confirmed this objective of incorporating service design capabilities into Narren's department, from the studio's perspective. It would bring in more real-life project work for the service design students at the RCA, which was considered an essential part of service design practice in the studio.

The initial collaboration in 2015 focused on two areas, mortgage and lending services. The first project brief referred to a 12-week new service development project for mortgages between April and June 2015; the second new service development project was also 12 weeks, focused on SME-lending and took place between October and December 2016. The researcher participated in both projects, as one of the service designers in the project team (see sections 4.3 and 4.4)

From January 2016, the SL department recognised the need to build internal capability in service design and introduced a service design accreditation programme to ensure that the professional designers and managers undertaking this role would have a consistent level of skills and competencies across all the bank's operating divisions

including corporate services. The goal was to build this internal service design practice capability initially in N's department. The service design accreditation scheme was launched in April 2015 with the first training session delivered by the head of the RCA studio. In the following six weeks, there were four sessions delivered to a cohort of 15 people. A training toolkit called the 'service design playbook' was produced for the cohort, to introduce key service design practice methods, tools and templates.

As a part of the incorporation effort, the training module provided a customised methodology framework for how service design capability could complement and extend the existing service innovation framework within HJ Bank. This new framework envisioned service design practice as one of the capabilities needed to build the future state of the service.

In addition to new service development projects and training, this partnership helped Narren and his department to recruit graduates from the RCA, formulate job descriptions, establish an organisational structure for the service design specialism and provide placements for service designers from the RCA studio. Between 2015 and 2016 there were five summer work placements and two graduates were recruited to the studio. The doctoral researcher joined as one of the graduate work placements. These newly joined service designers became the go-to-persons for any enquiries on service design practice, including the uses of the tools and methods from the training programme. For any new service development projects at the SL department, these new recruits also took on a large number of tasks in leading the production of service design outputs, such as the design and facilitation of customer/stakeholder workshops, and the visual production of customer journey maps and customer profiles.

In 2017, the partnership with Narren and his department came to an end due to redundancies and disbanding of the department. A few staff who were part of the training programme continued to be employed by HJ bank, but in other departments. A senior manager, Fei (for confidential purpose, the research has replaced the real

name with pseudonyms), tried to continue the partnership in the new department, but at the end of 2018, there was no renewal of the partnership.

Following the fieldwork at HJ bank, the researcher maintained contact with the key people including the line manager, the project manager, and peers, in order to reflect on service design practice. In early 2018, most former SL department members had been assigned to new posts or had left the bank. Some moved to financial services corporations; others became management consultants. This was the end of the efforts to integrate service design practice in the SL department.

4.2.4 Summary of the context

In summary, we introduced two organisations: the RCA service design studio and HJ bank. The description has focused on their organisational structure, the organisational location of the service design capability, the resources for service designers and the methodological relationship between service design and innovation. Section 4.2.2 described both the external and internal environment of service innovation for HJ bank, highlighting the complex and sophisticated landscape of forces for change driving service innovation. In addition, an internal management consultancy at HJ bank, namely the SL department, which started the incorporation of service design capability for innovation, has been introduced. The introduction provides a description of its business functions, its capabilities for service innovation, organisational structure and resources for service designers.

Lastly, we provided contextual information on the partnership between the RCA service design studio and the SL department at HJ bank. We explained how incorporating service design capability into their service innovation was effected through their partnership, and outlined the relationship between the three new service development projects and the partnership.

The next three sections describe the three new service development projects in detail.

4.3 Project One

Starting in early 2015, Project One was the first new service development project of the partnership between the RCA studio and HJ bank SL department, which aimed to design and develop a new service for mortgages. Following the establishment of the partnership in 2014, the SL department had become interested in understanding and integrating service design capability through an NSD project. Addressing the need to develop a new mortgage service for the mortgage department, the SL department decided to collaborate with the RCA studio on the design of a service to meet the latest generation of housing needs. The project brief was formulated collaboratively by the RCA studio and the SL department.

4.3.1 The project briefing

For those service designers who were new to the project, contextual information was delivered during the project briefing. This took the form of a seven-page PDF document which was presented by the head of the service design studio at a briefing meeting in April 2015. It addressed the following topics: background information about the bank to establish the context, the business and the specific project objectives, the nature of the current services and the expected issues for both the bank and its customers, the project scope, deliverables and timeline.

The brief introduced the client's organisation: the HJ bank. It provided general information on the number of customers, customer segments, markets, number of staff and banking service brands. It also discussed HJ bank's firm-level strategic objective, which was to focus on customers and their experience. It described this objective as: 'the HJ bank purpose to be trusted, respected and valued by their customers, stakeholders and communities'.

The second section of the brief introduced the mortgage service and the market, the current social significance of mortgages in the UK and related housing market trends

that might be relevant. The project goals were as follows:

- Research, design and prototype a new mortgage service for HJ Bank
- Build financial skills and social capital within the target first time buyer market
- Address and resolve perceived issues of (mis)trust in the bank among the target group
- Encourage new forms of saving and lending that would lead to a long-term and mutually beneficial relationship between younger people and the bank.

The project goals in terms of the user experience of the target user group were as follows:

- Changing the way younger customers learn about saving, borrowing and mortgages
- Supporting them to build opportunities for home ownership and a move from the rental market to owner occupation
- Building their financial skills and financial opportunities in home assets.

The scope of the project activities was specified in the brief and included design activities based on the service design practices learned and practised in the studio:

- Customer journey mapping of users' experience in housing and related financial behaviours
- Mapping of key stakeholders in HJ bank and of users
- Co-design workshops to understand user experience and deliver the new service experience
- Evaluate, validate and test designs with key stakeholders

- Formulate a deployment plan, including a business model.

The brief included a set of important considerations for research activities and opportunities for service development. These considerations addressed the relationship between financial health and housing for young people in the UK and identified opportunities for exploring new means for young people to become homeowners in a transition from “generation rent” to ownership.

The deliverables section specified the activities in a horizontal time format. It described a four-phase project plan comprising: discovery, definition, development and deployment (presentation). It specified the timing of meetings with the studio project supervisors and the final review presentation.

The brief concluded by establishing milestone reviews and providing the students with links to useful resources including background information on the industry, social trends and the housing market. The appendix section in the brief provided contextual information on the bank’s strategy and its values and vision related to becoming a trusted, respected and valued organisation among its customers, shareholders and the community.

4.3.2 The project team and organisation

The project team was organised in two groups. The first focused on project leadership and supervision and the second on project development.

The first group comprised senior faculty from the RCA service design department and included practitioners experienced in service design who were part of the visiting staff. The head of the RCA department led the partnership in terms of strategic and senior level discussions with HJ bank. Two other senior design directors with their own companies, who were employed as visiting professors, supervised the development of the service design activities. Another individual liaised with HJ bank on project

operation (e.g., meetings, workshops, and materials). This first group had worked together previously as a team.

Under this supervision and leadership, the operational development of the project involved five service designers (including the doctoral researcher), all in the first-year of their Master's in Service Design programme. This group had previously practised service design in studio projects. Three were trained as designers in UX, industrial design and communication design as part of their undergraduate degree and had worked in various design departments. The other two, including the researcher, had backgrounds in management from their undergraduate degree training, but no formal design training prior to joining the service design studio. Although they had met in the studio, it was the first time that these five service designers had worked together as a team and engaged in a direct working relationship.

In terms of roles, initially these five individuals were not assigned specific roles by the studio leadership. It was assumed that roles and responsibilities would be shared by them, and that they would assign tasks and responsibilities. The project took place in the service design studio in a dedicated area with desks and a wall space.

4.3.3 Project methodology and execution

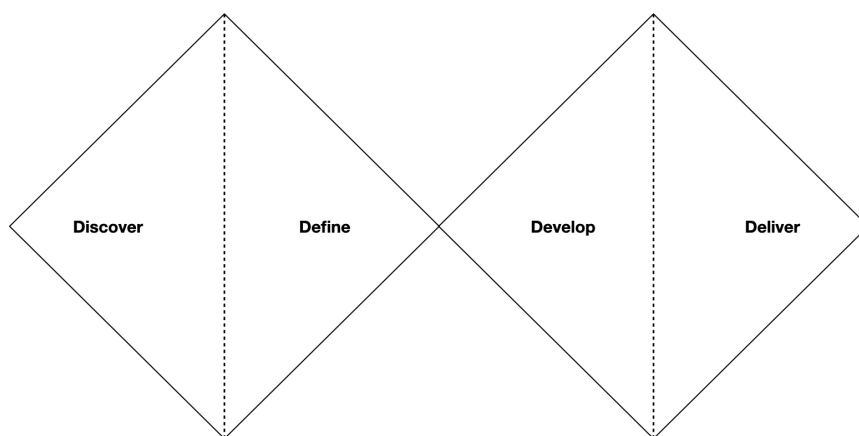


Figure 15. Project process

In the brief and the debriefing sessions, the project was set up as a four-phase development process (see figure 15) based on the Design Council double diamond framework (Design Council UK, 2017, 2007a) and highlighting iteration throughout the process. It was expected that the problem statement would be a joint document prepared by the project team, the leadership in the studio and the client - HJ bank. This agreement set the next two stages of design and development of solutions.

The project began with a debriefing session with the studio leadership in week 16, 2015. At this debriefing meeting, which was held on 15th April, the studio head introduced all the briefs for the studio cohort and asked them to select a project and form a project team. The brief was explained along with a short description of working with HJ bank to develop a better service for its customers. It described previous engagement with HJ bank executives which had sparked its interest in integrated design capabilities to develop better customer service.

After this initial briefing, the project team met again to discuss the brief and formulate a plan. It discussed space and tools requirements in the studio. This generated a set of research questions about the service users (e.g., young people), relevant stakeholders (e.g., family members) and the existing mortgage service experience (e.g., touch-points, and journeys). The team set up a Google drive for file sharing, and a Facebook group to enable online chats and quick conversations among the project team members.

After the briefing and the team meeting, the desktop research started, guided by the research questions generated at the initial meeting. This resulted in more specific questions for consideration in later sessions with the HJ bank project liaison and in the first user workshop. The team prepared three exercises for the user workshops, focusing on: A) users' experiences in terms of their saving and their notion of financial health; B) their perceptions of the bank brands; C) how young people understand and perceive their home ownership journey.

The staff team then worked with a person (the project liaison) from the HJ bank to confirm the workshops outlined in the brief. It set up two workshop sessions with users recruited by an external recruitment agency. The project liaison person also agreed to have an extra debriefing session with the project team.

During the next week, the project liaison from the HJ bank visited the studio after working hours. The service designer prepared a semi-structured interview for the meeting in order to better understand the project brief. The meeting discussed her work experience in HJ bank, and her current project work on mortgages with other internal teams. She explained that there was ongoing work on mortgages at the same time as this project. One of the works focused on optimising existing processes and the other aimed at developing the future customer experience, to be perceived as a signature experience. Putting on the customer hat, she also described her experience as a bank customer and particularly as a mortgage customer. During this meeting, the project team sought to understand, in particular, the firm-level strategic direction in relation to the mortgage service and how the bank perceived itself in the market. However, the project liaison person was unsure about this and needed to find more information. The session ended by asking what project outcome HJ bank expected. The project liaison explained that it wanted to take a different view of the mortgage service and provide a better customer experience. The overall result of the interview was positive in helping the service designers to understand the brief better. However, the specific goals that the project aimed to achieve for HJ bank were still vague, as far as the service designers were concerned.

The user discovery workshop

In preparing the user discovery workshop (see figure 16), the project team's aim was to get an understanding of users and their perceptions of saving, their housing experience (whether buying or renting a house), and their expectations of ideal financial services. The team ideated, designed and made the workshop probes for different exercises, and formulated a my-first-saving form which included four questions. These questions

related to the participant's first or most memorable saving experience, a set of images of superheroes and bank brands to investigate their association between brand and ideal experience, a customer journey map of home ownership and acquisition of a mortgage.



Figure 16. User discovery workshop

The first user workshop was held in the studio in the second week. It included eight individuals aged 18-24 years, and was organised by the staff team. It had four components: self-introduction followed by the three exercises, with a break during the workshop. Kui, a service designer in the project team, took the lead role as a host in these sessions. Three members of the project team took turns to introduce the exercise and answer questions from the users. The fifth member of the team was responsible for logistics, taking photos and handing out materials. They facilitated the host, Kui, in running this workshop. Each section started with individual thinking time and then committing ideas to paper. Then these individual thoughts were discussed. In the third mapping exercise, the user journey, participants were asked to position their post-it notes on a wall poster to represent the customer journey. The project

team participated in the discussion, introducing semi-structured questions to follow up interesting topics. The entire workshop session took two hours after which the project team documented the materials based on the photos and audio recordings. These materials were then digitised.

This initial session with users built on the first set of research results in terms of users' personas and the differences in relation to how users think and act about saving and homeownership. Following the first user workshop, the project team had to narrow the project focus to design. The mapping of the customer journey showed that the journey to home ownership starts as soon as the individual leaves the family home and continues to the mid 30s and acquisition of a first mortgage and a more settled career.

The stakeholder discovery workshop

Project research included a workshop with HJ internal stakeholders to investigate the mortgage service (see figure 17). This workshop took place in the fourth week of the project.

Workshop preparation was completed in the third week of the project. It was led the head of the studio and included reporting on the project progress and investigation of the status of the service, including A) current offerings and engagement models in HJ bank; B) current stakeholders and major pain points identified by HJ bank; C) existing

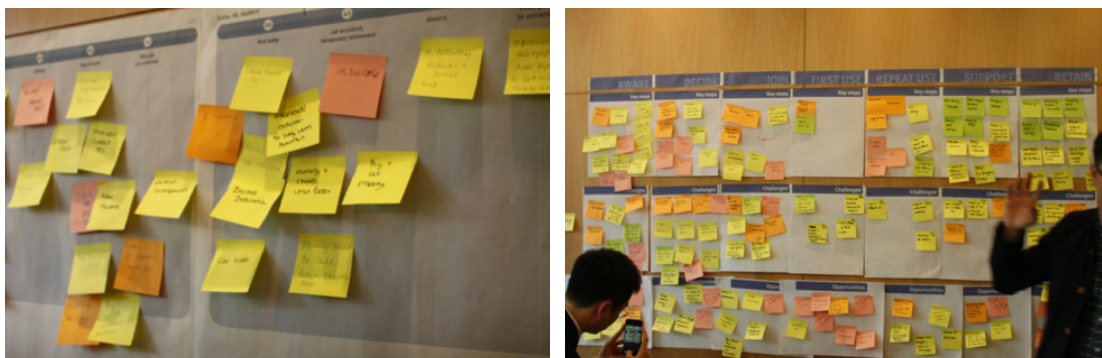


Figure 17. Stakeholder discovery workshop

constraints identified by HJ bank (e.g., resources and compliance).

The project team prepared a presentation deck that included: A) a summary of project development and two user personas generated from the user workshop; B) the user journey based on the personas; C) initial findings on the target customer group. It also prepared three workshop exercises. One referred to the existing offerings and customer journey. The second used the stakeholder map to identify relevant stakeholders. The third involved group discussion of potential constraints and influential factors. Logistics included preparation of materials (e.g., cameras, post-its, tapes, pens, flip chart and bags for carrying materials).

Instead of being at the design studio, this client workshop took place in HJ bank's conference room. The room had been booked from 10:00-12:00 and the project team was informed that participants could not stay on after 12:00. The arrangement of the workshop participants did not involve any service designers from the project team. The participants were not known to the service designers prior to the session. During the introduction, the nine participants briefly introduced themselves and specified their job titles. However, this provided only a superficial description of these participants as internal stakeholders in the mortgage service, and did not provide information on organisational relationships. The service designers soon realised that it was difficult to run the workshop within the two-hour window, due to the time needed for the introduction to and familiarisation with service design practice, its purpose, procedures and outcomes. The service designers were considering asking for another workshop with the same participants for any emergent design needs left unanswered. They were then told that unfortunately the booking of the same participants would be very difficult as they came from different locations and it was considered as disruptive moving them away from their day job. As result, the participants were only available for this one occasion, during the first half of the 12 weeks development. Gathering the workshop outputs, service designers realised that there was a lack of understanding about the internal participants and their roles in the bank. The lack of this information hampered the service designers in deciding which findings (i.e. pain

points, expectation) from the workshops should be prioritised.

The service designers kept the same roles as in the first user workshop. They shared the tasks of introducing the exercise, facilitating discussion among groups of participants, making audio recordings and taking photos, and managing materials. The host role was taken by the head of the studio, who led the direction of the conversation and ensured the concerns of the stakeholders were properly addressed.

The workshop outcomes were digitized in the following week by the project team members.

The first stage of the design activities produced a set of documents in the define stage. These documents included two personas, two user journeys and a stakeholder map from the workshop session with the HJ bank stakeholders and users. In the fifth and sixth weeks of the project, the project team developed a problem statement and a vision statement. Following the initial user workshop, the project team decided to investigate housing and saving behaviours in more detail including their connection to generation, and life and work trends. It used experts to validate the findings from the small group. Three semi-structured interviews were held with housing experts and youth psychologists specialised in financial behaviour, which allowed the project team to identify three main user insights around youth financial health and housing behaviour. These interviews confirmed the initial insights on young people's life trends (e.g., late independence, lack of financial education and an emergent life choice to 'settle down' at an older age) and their implications for mortgage services. In the first version of the problem statement, these aspects were considered problematic for mortgage services.

Following the production of the first version of the problem statement, the project team held a meeting with the project liaison person from HJ bank and staff member Davie (for the purpose of confidentiality, this person's real name has been replaced with pseudonyms) from the service design studio. This was aimed at validating the

project direction and the problem statement and potential intervention areas. The meeting led to confirmation of the problem statement. Davie and the project liaison person from the HJ bank agreed to explore the vision related to supporting youth financial literacy through new services. Davie asked the team to explore alternative housing offerings a bit further, which he suggested might become a project direction to build better financial records and literacy for the youth.

The co-creation user workshop

In the design phase of the project process, the team organised another workshop (see figure 18) with the users to ideate and create together potential solutions for the problems identified in the current mortgage service. The design phase kicked off with the co-creation user workshop. The project team planned the workshop to investigate whether alternative housing, such as skills exchange and renovation schemes, could be potential solutions for users. The same group of users, who participated the first user discovery workshop, were invited back again to attend the co-creation workshop. Unlike the first workshop, this co-creation user workshop aimed to create ideas and generate design direction for the problem defined in the problem statement. The participants in the co-creation user workshop were grouped in five teams to discuss housing opportunities. They were asked for ideas about house renovations and use of different spaces to create new value for users. The teams were provided with a business model to capture their ideas for value creation.

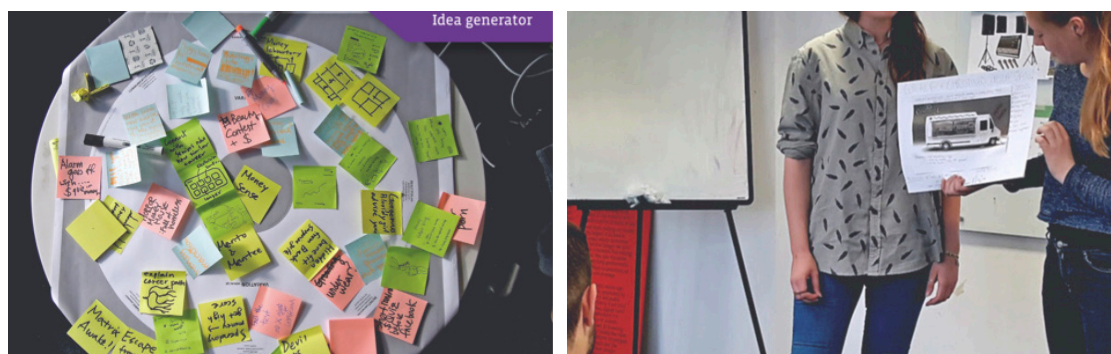


Figure 18. Co-creation user workshop

The outcome of the user co-creation workshop confirmed users' demand for alternative housing schemes and more financial knowledge.

After the workshop, the project team had a discussion with the project liaison person from the HJ bank and her colleague, and Davie from the studio staff team. The project liaison person and her colleague expressed their interest in a 'creative shelter' as an alternative type of housing to build financial knowledge and increase the chances of homeownership. They further provided their rationale for this project direction, which they believed may align with the existing work and initiatives in HJ bank and were interested in how it could be integrated with charity programmes and social projects. However, the service designers found it difficult to understand how this direction could be integrated into HJ bank's internal works. The project liaison from the SL department was unable to provide any further information to support the alignment and integration of the project direction with other charity programmes at the HJ bank.

After the user co-creation workshop, the project team worked on the further definition of a new service called creative shelter. They defined the value proposition and the business model, using tools such as business model canvas, in order to construct how this service might deliver value to the relevant parties. The team started to identify the partners essential for the delivery of value.

In the following week, the project team held a co-creation workshop session with the client to develop these solutions. The session was arranged by the project liaison person to be held in one of the bank's conference rooms, with HJ bank stakeholders. The participants were selected again by the project liaison person without collaboration with service designers; because of timetabling difficulties, the service designers were told that the participants were different from those who attended the first session. This was the only information on the internal stakeholders that was shared with the service designers. This resulted in extra work for service designers, explaining the project and service design to the newly joined workshop participants. The service designers again found it difficult to get an adequate understanding of the job roles of

participants and their intra-organisational relationships.

This workshop lasted for three hours and started with the project team presenting the main insights, the problem statement, and opportunities that had emerged. The storyboards and scripts of the personas were presented in the context of their housing scenarios. The participants were split into three groups to work on three different personas and scenarios. Each group was asked to design a new service concept based on the insights and materials provided by the project team, to support their particular persona.

After the two workshops in the designing stage, the next stage of the project process, namely the development stage, then focused on the production of key service design materials, detailing the specification of the new service. In the development stage, users were visualised along with their existing housing scenarios and life stage in the housing journey. These visualisations used Adobe illustrators and InDesign. Two short videos were produced to illustrate the user journeys relating to the two personas. Another video introduced the new HomeMade service. To explain the components of the new service, a digital illustration of a value proposition and value chains was provided, which indicated how value flows and is captured. The digital production also included digital touchpoints such as a new website and a mobile app.

Final design outputs

The presentations were seen by the project team and the staff team as important deliverables. Each presentation slide was carefully crafted to achieve maximum engagement from the audience. The presentation story-telling was seen to be an important part of the design practice in the studio.

The project included three presentations. The first presentation was via phone calls to the stakeholders in HJ bank because it was difficult to arrange a face-to-face presentation. This complicated things for the service designers who had prepared visuals to be presented in a face-to-face meeting. Instead, these visuals and videos

had to be sent as digital files. However, the system at HJ bank did not allow files of the size involved to be opened by stakeholders which meant that the project team had to describe them over the phone. These resource constraints in facilities presented a challenge to story-telling in service design practice.

There were two face-to-face presentations. One was held in the studio and presented all of the projects. The participants included the client representative, external design experts and the staff team. The other was held four weeks later, in summer 2015, its timing based on the availability of HJ bank stakeholders. It was held at the studio with two senior stakeholders from HJ bank.

The final design deliverables were delivered in the form of a presentation deck and a report. The presentation deck and report, including the appendix, provided details of the project process and included insights from the targeted user group in relation to their housing behaviours. It captured two personas from the user group. These

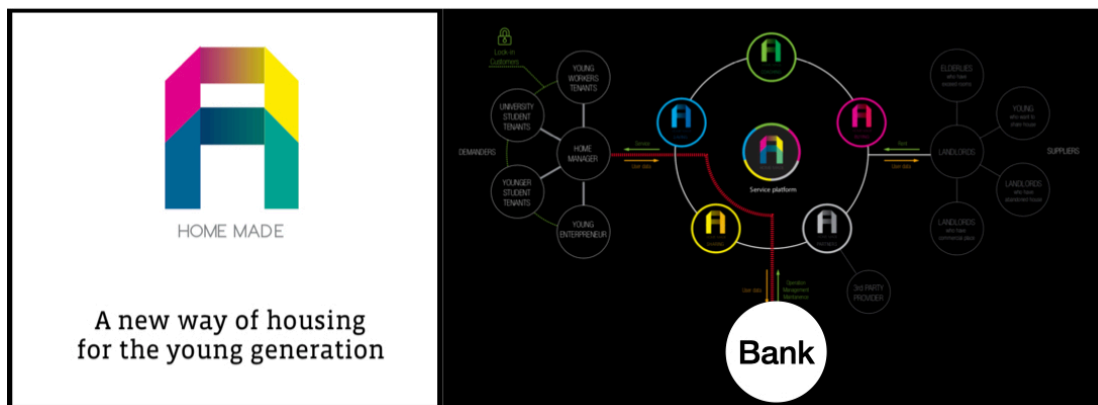


Figure 19. HomeMade (a new financial service for housing)

insights allowed the development of the problem statement.

The new service proposal was for a service concept called HomeMade that would better enable young people to address their current housing needs and situations (see figure 19 and 20). It explained the new service through the value proposition and the digital touchpoints (e.g., website, app). It included a video introducing the brand



ATTENTION ATTRACT		INFORM	USE						SUPPORT MAINTAIN
USER		GO TO WEBSITE	USE APP SET UP ACCOUNT	FIND HOUSE TO SHARE SET UP PREFERENCE LOCATION DETAILS	GET CONTRACT EASILY ONLINE SEND DETAILS TO HER FRIENDS TO SHARE COMMUNICATE WITH LANDLORD BY APPS	COMMUNICATE WITH EACH PEOPLE TO SHARE EASILY - RENT FEE - UTILITY FEE - DAILY COMMUNICATION	GET ADVICE FROM FINANCIAL ADVISOR - HOW TO SAVE - HOW TO USE - FUTURE CAREER	EASY TO MOVE EASY TO FIND NEXT TENANT BASED ON REVIEWS FROM FLAT MATES AND CREDIT HISTORY	NOTIFICATION FROM ADVISOR TO BUY HOUSE
TOUCHPOINTS	FRIEND	HOMEMADE WEBSITE	HOMEMADE APP / WEBSITE						
PROVIDER TASKS BENEFITS	MANAGE WEBSITE		ENHANCE TO USE THIS FOR LANDLORD MAKING EARLY RELATIONSHIP WITH YOUNG USERS	GIVE TRUST GET DATES ACTIONS OF YOUNG PEOPLE		PROVIDE PERSONAL ADVISORY SERVICES FITTED TO YOUNG GENERATION	KEEP ON CONTACTING WITH YOUNG PEOPLE	FIND THE HOUSE FITTED TO EACH CUSTOMER SELL MORTGAGE	

Figure 20. HomeMade digital touchpoints and service blueprint.

and how it delivered user value through the customer journey. In the last part of the report, it provided a next-step road map to test the new service.

4.3.4 Project evaluation

The project’s final outcome was evaluated first in a presentation at the RCA studio. RCA faculty and external guest practitioners commented positively on the quality and presentation of the research techniques, resulting evidence on customers and insightful findings based on that evidence. In particular, the insights into the target user group’s lifestyles and macro trends on late age homeownership were seen as a

well-diagnosed insight for HJ bank to address.

The visualisation of the current customer experience and the proposed customer journey were also positively evaluated. They highlighted the brand for the new service concept, HomeMade, and how the service looked and felt, and was translated into a new customer journey, a service blueprint and detailed touchpoints.

Following this initial presentation and feedback, senior stakeholders from HJ bank made similar positive comments on the customer research work. They explained that this project had prompted staff from HJ bank to rethink the customer journey and experiences. They said they were impressed at how the project team had used service design practice to engage customers, and frame and develop solutions. They showed how customer-centricity added important value to the bank's services and products. The participants in the stakeholder workshops were also positive about a more customer-centric approach.

However, several service design issues emerged from these evaluations.

Implementation challenges

The new service concept developed in Project One was never implemented. In the presentation in summer 2015, two key stakeholders from HJ bank attended. One was the senior executive from the mortgage product team at HJ bank; the other was the senior manager in the SL department. Throughout the project, they had provided feedback and, following the final presentation of project outcomes, they provided further feedback.

Their first concern was linked to their internal operations and their capacity for radical rather than small incremental innovation. The senior executive of the mortgage department was concerned about 'how to operationalise this new service'. This was related to how to link the pension services offered by the bank to the new housing services provided to younger people. The new concept proposed a digital platform

to host this new service, but did not provide a clear and detailed specification of how each of the bank's departments would participate, nor how the different services would interplay. The executive also highlighted the operational challenges involved in addressing the over 130 separate legacy systems that would be involved in deployment of the service. From this it is evident that the service designers and their practice in this project were not effective in understanding the internal contexts of HJ bank. These internal contexts include the relationships between business functions and the concerns of each business function. Research into these internal contexts appears essential if the service designers are to increase the possibilities of operationalising the final service design outputs (i.e. new service concept and new customer journey).

Another issue was associated with the market opportunities for this radically new concept: how could this new service concept be further market tested? And might this new service concept offer a new strategy into the alternative housing market, which could be a valuable business growth opportunity? The new service concept did not specify the business opportunities in terms of market size and commercial value. The feedback advised that such validation of the business opportunities would be necessary. From this, it is clear that the financial aspects of new service development, such as cost, revenues, and market size, need to be considered in new service development. However, the service designers, who do not have this financial expertise, may need to find a way to incorporate this financial capability into the new service development process.

This shows that the new service concept developed in Project One suffered from the challenge of how this new service could be implemented within the existing organisational structure. There was a lack of understanding among service designers about finding a solution that fitted with current internal operations and capacity, and the alignment between the new service concept and the innovation strategy of the mortgage department was problematic.

Internal stakeholder collaboration challenges

One aspect of the team evaluation concerned the value and use of co-creation workshops involving both end users and client front line teams. These workshops were crucial for investigation and data collection. Having groups of diverse stakeholders and users attending each session, accelerated understanding of the holistic service and identified issues related to current processes and practice. They allowed the project team to establish an overall picture of the service journey. The sessions with stakeholders allowed the project team to gather both individual and collective insights and map them into an end-to-end journey. The use of the workshops drove project development. However, the timing was as important as the workshops themselves. Over the course of project development, the scheduling of the workshops was the responsibility of the project liaison from HJ bank and the RCA staff team. There was sometimes extra and unnecessary work involved in preparing the workshops. In the case of the internal stakeholder workshops, in particular, the sessions would have been more effective if they had not been constrained by the length of time stakeholders could be away from their daily jobs. Because the service designers did not select the stakeholders, it was difficult for them to take account of their possible input to roles and expertise in the bank.

The key learning from this is that stakeholder workshops are important for service designers to obtain new knowledge and make design decisions. However, there are several constraints related to time available, stakeholder selection and engagement opportunities which pose challenges for service designers both in designing the workshops and in making effective design decisions afterwards.

Project team collaboration challenges

Another aspect of evaluation was related to collaboration with and between the members of this first-time project team. Team members had different personal goals and commitment to the project, which meant that they also had different views on design outputs. In conversation with team members after the project, the researcher identified that collaboration could have been improved if the team had had a better

understanding of each other's goals and how these could be aligned to the project organisation and individual project roles and responsibilities. This would have enhanced outcomes in terms of services and optimisation and learning processes.

Client communication challenges

The service designers received feedback from the RCA staff about the importance of effective client communication and related problems. The project team was perceived as insufficiently transparent and proactive in their client communication during the development process, which created anxiety in the client as deadlines approached without evidence of progress. 'You need to give confidence to the client and show progress along the way,' the head of the studio told us, an evaluation that was echoed by the internal stakeholder feedback. The latter suggested that the clarity of the workshop goals and the project steps needed to be improved, to allow a better understanding of service designer work and to enhance trust.

The key learning here is that the consultancy role in service design practice must be considered. In addition to a focus on understanding and designing the customer experience related to a new service, the role of the service designer in the consultancy is also important in the context of a new service development project.

4.3.5 Summary of the key learning from Project One

There are several important lessons from Project One. First, it highlights that there was insufficient contextual information on the organisation provided to the service designers in the project. The initial briefing did not give enough detail on the SL department and its role and business function in relation to the mortgage department. This reduced the ability of the service designers to design effective internal stakeholder workshops and deliver effective outputs for further implementation. Workshop organisation is critical to service design practice and provides knowledge and direction facilitate development of the new service concept. However, the constraints related to the

organisation of these workshops reduced the effectiveness of the design practice.

Second, the team environment is an important element in service design practice. As the service designers worked as a team in Project One, collaboration and the relationship with clients were important areas for service design practice. The alignment of team members' personal goals and commitments was not always easy. Although the service designers were not directly responsible for managing the relationship with the client in Project One, the service designers were expected to support the client relationship through clear design activities.

Third, the problems related to implementation highlight the wider organisational context, which the service designers failed to take into account in the design process. The evaluation of the business case and its connection to current innovation strategies and operations left the service designers in Project One wondering how to develop effective service innovation practice.

4.4 Project Two

After Project One ended, the partnership between RCA service design studio and the SL department of HJ bank developed further. In 2015, HJ bank recruited three service designers from the RCA service design studio for summer work placements in different teams in the bank. These teams worked on new service development projects for three separate departments. One of them continued to work on the mortgage service and incorporated some of the findings from Project One on young people.

Since the senior management of the SL department was happy with the result of Project One, particularly in helping them to demonstrate the value of service design, they decided to continue the partnership with two more projects with the RCA service design studio, in order to progress their incorporation of service design capability. One of the collaborations was related to a training programme in the SL department. The SL department aimed to equip cohorts of staff with essential service design skills and methods. This training programme was structured as a three-tier accreditation programme including a foundational level, a mid level and a master's level, with certification by RCA. The first round of the foundational level training took place in spring 2016. Alongside the training programme, Project Two aimed to develop a new service concept for commercial lending for SMEs. The brief was formulated by the RCA studio and the SL department in collaboration.

4.4.1 The project briefing

The project brief was a three-page document which was presented by the partnership on 12th Oct 2015. This document provided information on HJ bank, its SME lending service and the project outline. It was organised in six sections similar to the mortgage project brief.

The brief introduced the bank, the location of its headquarters, the number of its customers globally, the number of staff and the banking brands in the group.

It explained HJ bank's firm level objectives since 2013 as 'to serve the customer well' and to be 'trusted, respected and valued by their customers, shareholders and communities'.

It then described the specific service being investigated by the project: commercial lending. It discussed its significance for the UK economy and its significance for government in relation to driving economic growth among small businesses.

It highlighted the significance of SME lending in the UK and referred to HJ bank's goal in this context to: 'reach out to new commercial borrowers, create a strategic partnership with potentially high growth new ventures, support more established business on their finance'.

The goal of the project as described in the brief was to:

- Examine current practice, user experience and purpose related to SME lending
- Consider other HJ bank offerings to support SMEs, such as programmes that act as accelerators allowing growth of early stage entrepreneurial businesses.

The scope of the project included all the activities to be undertaken by the project team:

1. Working with the commercial lending team at HJ bank and their stakeholders to examine existing services
2. Mapping user experiences and identifying problems and opportunities on their current journeys
3. Identifying relevant internal and external stakeholders in SME business growth and financing

4. Using co-design workshops to design interventions
5. Designing a granular service experience for delivery by HJ bank
6. Building a prototype
7. Testing the design proposition.

The key project milestones were highlighted on the project timeline, which set the timing of the main project meetings and deliverables. These acted as check points for project development. They included six meeting events:

1. Tutorials one and two in the discovery and definition phases. These two meetings would deliver a clear and refined picture of the problems, insights and opportunities identified by the research
2. Tutorial three in the ideation phase to discuss the concept and early prototypes
3. Interim review to review the selected concepts and value proposition with stakeholders from HJ bank
4. Tutorial four related to prototyping and deployment, to discuss prototypes, key touchpoints and deployment plans
5. Final studio review based on a detailed presentation
6. HJ bank review allowing review of project outcomes by senior executives in HJ bank.

The deliverables section of the brief outlined the specification for the new service. It included service blueprints, touchpoint prototypes, a business plan, research evidence and recommendations for implementation. It stressed that these documents were indicative and others might be included at the discretion of the project team.

The brief set the dates of meetings with HJ bank stakeholders and dates for client

briefing sessions, a client workshop, and the review and tutorial sessions referred to above. It provided the email address of the project liaison, Sam, in HJ bank and his job title.

The debrief session took place on 12th Oct 2015. It followed a similar format to Project One with the head of studio presenting all the briefs from all the ongoing partnerships with different corporates and organisations. In a brief introduction to the project, the studio head announced that one of the graduates from the studio had been hired by HJ bank and was working directly with the department sponsoring the project.

4.4.2 The project team and organisation

The project was led and run by two teams from the RCA studio: the staff team and the project team.

The staff team supervised the project team and represented the leadership of the RCA studio. Within this staff team, the head of the studio took the strategic liaison role for the project. He facilitated senior level interaction with HJ bank. Three members of the staff team were senior designers in industry. They joined the staff team to provide supervision of project activities and design outcomes. This supervision took the form of tutorials or sessions with the project team to review progress and provide feedback and suggestions about ongoing development.

The project team included service designers in the second year of their training in the studio. Compared to the mortgage project in early 2015, these service designers had more project experience from their first-year training and their summer work placements. Unlike the mortgage project, the team had only four members. Three had higher degrees in design and art ranging from communication design, to product design and fine art. The doctoral researcher joined the project team as a service designer, this time with knowledge and contacts in HJ bank acquired in Project One.

In terms of individual roles, the service designers allocated tasks and responsibilities in a democratic way without any job positional hierarchy.

4.4.3 Project methodology and execution

The methodology in this project followed the studio tradition of a design-led development methodology. Similar to Project One, the development process was organised in four-phases in a double-diamond framework of discover, define, design and deliver. At the end of each phase, a studio review meeting took place with the staff team to review progress and decide future direction. Following the define phase, a problem statement was formulated and agreed by the staff team and stakeholders from the HJ bank. This review point was considered critical to share research results and confirm the problem framing for the design interventions in the next stage.

The first phase of the project focused on exploring the existing service. The service designers deployed several methods to research different aspects of the existing service including mapping stakeholders involved in the existing service, the user segments targeted by the current service and the issues raised by these stakeholders. The research on these aspects was conducted by the service designers based on desktop research, field observation and interviews. The following sections include some highlights related to the first phase.

Stakeholder mapping

In the week after the staff team's initial debriefing session, the project team met to digest the brief and organise the initial direction of the project. This first set of debriefing meetings focused on an initial mapping of the stakeholders in the HJ bank and the SMEs (customers) and the formulation of research questions related to each stakeholder category. This exercise led to an initial stakeholder map and a set of research questions to guide the investigation (see figure 21).

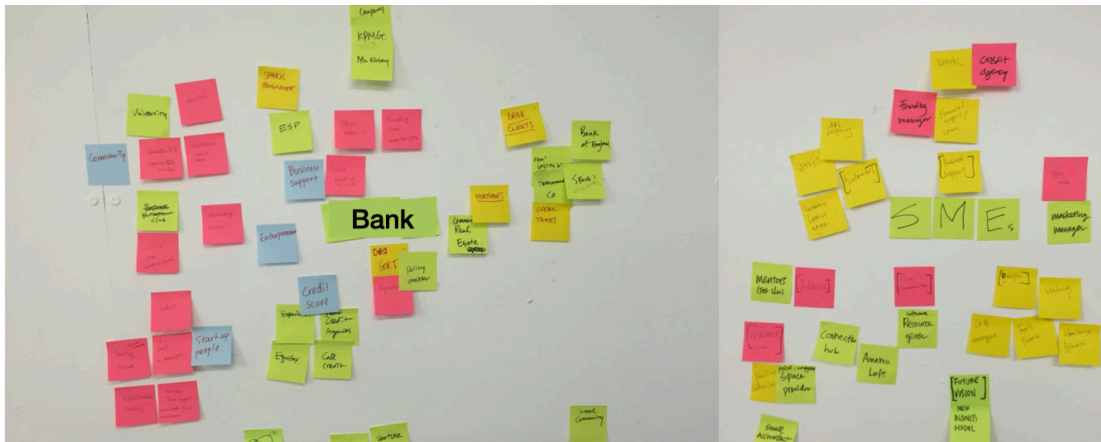


Figure 21. Stakeholder mapping exercise

Users segmentation

In the same week, the team started to segment the users (see figure 22). Following the advice of the staff team, the project team conducted a reorganisation of the user stakeholders based on their business revenue, motivation for borrowing, age of the firm, markets, etc. The mapping exercise was based on project team brain-storming and production of post-it notes with different examples of the business. The aim was to develop a better understanding of the users of the current service. It also helped the team to prepare for further scoping of the specific user segment within the project time constraints.

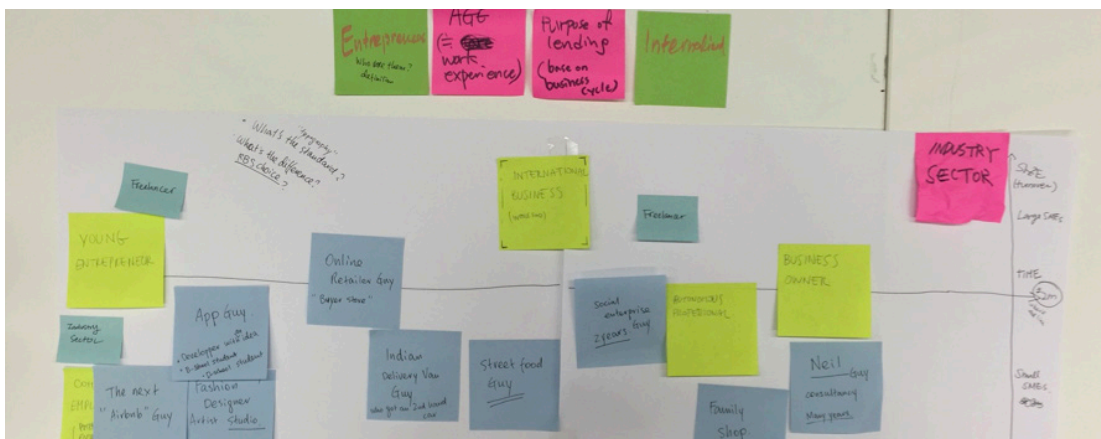


Figure 22. User segmentation exercise

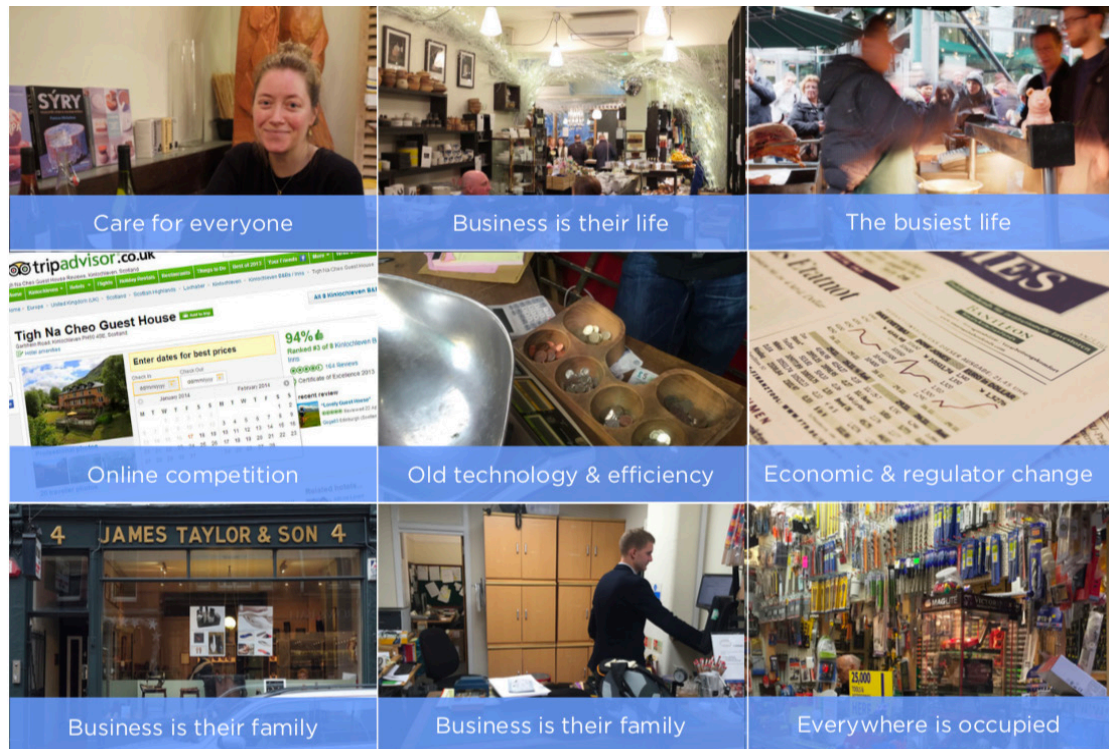
Field research

Figure 23. Field research and SME interviews

The initial desktop scoping of stakeholders and the user segment, prompted research on selected user groups, following the initial mapping. The objective was to engage with user communities to obtain a first-hand understanding of their business needs. The team attended several public events in those business communities during weeks two and three (see figure 23). One was an event for start-ups organised by a university incubator which was held in week two. It included several different start-ups who presented their ideas, and helped identify appropriate actors (e.g., hiring, investment interests). The two hours of ethnographic research, which included observation and conversations with participants and organisers, allowed the team to gather initial data on this user community's preferences in relation to financial support and banking services. This was followed by semi-structured interviews with two of the organisers (incubator managers) in the next week. The team also visited another start-up

community related to a corporate tech incubator, to conduct similar ethnographic field research, observe the start-up business habitat and behaviours and talk with them. In week 3, the team attended a workshop organised by an IT vendor for SMEs. One of the project team members conducted ethnographic research on how the workshop session was organised and the support offered to SMEs.

First client meeting

On 30th Oct 2015, the first client meeting was held in a conference room on the fourth floor of the building in which the service design studio was located. Two members of the staff team, the head of the studio and a senior visiting professor attended the meeting with the project team.

Three people attended from HJ bank and one person participated by phone. The project liaison, Sam (for the confidential purpose, the real name has been replaced with pseudonyms here), from HJ bank explained the brief by introducing the lending products and the amount of lending they used to segment the market to different parts of the bank departments. Matt (for the confidential purpose, the real name has been replaced with pseudonyms here), who participated by phone, discussed a current project on commercial lending, as an example of the bank's efforts to transform the customer experience for commercial clients.

Sam introduced the project purpose, explaining that it would be located in the SL department as an internal initiative. He suggested that this meant that the stakeholders in the SME lending department would not be able to engage with the project because 'they are not ready yet for design'. Sam said they wanted to use the project outcomes to prepare for next year, when the SME lending department would begin work on customer issues. It was hoped that the project would 'challenge the mind-sets of those senior stakeholders' and build long-term partnerships on design.

SMEs interviews

In week 4, the project team continued to increase understanding of the user groups. In this case, the project team was responsible for identifying interviewees. The project team used friends and family members to identify users managing SMEs in the UK. Over a three-week period, they arranged nine interviews from fifteen introductions to SME owners, managers, accountants and experts in this area.

The next phase was design, which resulted in insights into customer experience and problem framing. The goal was to identify a specific and appropriate framing for the project to allow the development of design solutions to particular issues.

On 18th Nov 2015 (week 5), the project team presented five insights from their initial research to the staff team. They were framed as critical understandings of the existing status of users and the service. The insights focused mostly on users and referred to 'relationship needs consistency', 'building awareness and understanding of the product', 'third party support from the eco-system', 'increase SME productivity' and 'risk prevention'. These five insights were used by the project team to set the direction for design interventions. In presenting these insights to the staff team, the team discussed how each could be improved by stronger links among all five insights. The staff team confirmed these directions for the next stage of ideation. They suggested that the project team should 'bring to life' their findings by visualising the personas and customer journeys 'on the wall'.

In this defining stage, apart from the insights and problem statement, the service designers were also working on the design outputs to define the customer and the current customer journey. This definition work was based on customer personas and customer journey mapping.

Three personas of SMEs

On 26th Nov 2015, the project team prepared three personas including a young

entrepreneur in a tech start-up with four employees, a middle-aged CEO of a business consultancy firm employing 70 people, and the owner of a family restaurant business.

Customer journeys

The project team developed customer journeys for each persona. These customer journeys were not at the granular level of the lending service, but described the business journeys, ranging from ‘before start-up’, to ‘setting-up the business’, ‘launching business’ to ‘business growth’ (see figure 24). In each stage, the customer activities were described, and pain points highlighted. This horizontal journey is accompanied by an emotional journey, involving ups and downs of emotions.

In the phase of defining, the service designers used client workshops to explore problems and opportunities with the client. The goal was two-fold. First, it was to help service designers to understand existing services and increase their expertise in this field. Second, it was to validate and confirm the framing for the next phase of development.

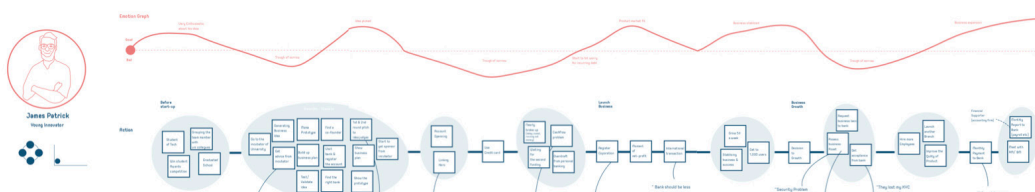


Figure 24. Customer journey

The first client workshop

Following the construction of personas and customer journeys, the project team organised a workshop with stakeholders from HJ bank. It was held in a project room on 26th Nov 2015 (see figure 25). The HJ bank participants included Fei (a manager

from the SL department), Cavin (a front-line lending adviser), and Ala (a service designer from the SL department)(These names has been replaced with pseudonyms for confidential purpose). The workshop was organised in two parts. In the first part, the project team presented the insights, personas and customer journeys to the client. In addition to the ‘stories’ accompanying the personas, the project team prepared three sets of pictures of the business environment and life environment of each persona. This gave the participants a more holistic understanding of each business and its owners.

In the second part, participants from the HJ bank were asked to brainstorm potential new offerings based on the five insights related to each persona. They were given post-it notes to note their individual ideas and then were asked to discuss and present them in the groups. In discussing their ideas, Cavin shared personal experience of supporting business. He commented that among the three personas, the family-owned business would be the most interesting community, due to the lack of both financial and strategic support for the business. The other two types were not strategically important for HJ bank because the growth of start-ups and medium-sized businesses is often well supported by existing financial offerings. Instead of developing solutions for all three businesses, he encouraged a greater focus on the



Figure 25. Client workshop

family-owned business.

Following this advice, the project team had to change its strategy and research direction to a different user segment. This meant iteration of the exploration phase. The team split into three for the desk research on family-owned businesses and ethnographic interviews with family-owned firms. Since access to these communities was not facilitated by the staff team, the project team had to approach small businesses in London for observation and to recruit interviewees, with the help of friends' recommendations. Three interviews lasting 45 minutes each, were conducted to obtain views of the bank's lending service, relationships with the bank and pain points, and the motivations for running the business. These activities culminated in the following new design outputs:

Four personas from two family-owned businesses

Based on the research on family-owned businesses, the project team developed personas for the family business owner and his or her potential successor.

Forming the insights and problem statement for family-owned business

In addition to the previous five insights, the research on family-owned business highlighted a problem area related to business succession. This was considered a critical issue for the long-term planning of family business.

The design stage started in week seven of the project. Because the client workshop led to the focus on a specific SME segment 'family-owned business', the project team had to produce a new set of definition documents for example on personas, insights, and customer journeys, while also working on ideation.

The ideation spanned two events. In the previous client workshop, the participants from HJ bank suggested several ideas for each insight provided by the project team. In week seven, the project team ideated specifically in relation to succession planning

and its digital and physical touchpoints.

The project team suggested four new themes, which gave direction to the new service offerings, from access to finance, business sustainability, future succession and business network. In each direction, the project team described the benefits of the offering, the service components, and key internal and external partners.

On 8th Dec 2015, the team started work on developing a new service proposition. During the project team discussion, they highlighted the opportunities for family-owned businesses and the related commercial opportunities available to HJ bank.

On 11th Dec 2015, the project team presented its ideas and new service proposition to Ala, a service designer in the SL department of HJ bank. She asked for the ideas to be visualised.

The focus on the new customer journey sought to visualise the touchpoints. The project team used an online interactive 'real-time board' to build the new customer journey. This new journey highlighted the touch points both online and offline, based on the four idea themes.

In the final project phase, the team worked on developing the key components of the new service concept, into a presentation pack. The involved production of the presentation pack and a narrative to accompany the slides. The narrative was decided based on previous project experience in the studio, starting from the brief and identification of the problem, through insights and the problem statement, to the new solution, told through the persona and with stories about the new service. The new service was explained in terms of the value proposition, the service structure and the potential impact on both HJ bank and its customers.

Only one representative of HJ bank (Fei) attended the studio presentation. Because of difficulties freeing up senior stakeholders' time just before the Christmas break, it was decided to hold a separate presentation for senior stakeholders.

This presentation took place on 27th Jan 2016. The project team had developed visuals following the studio presentation to make the solution easier to understand. The improvements included a new name for the service, and an improved UX design of the digital touchpoints in the studio presentation.

The head of the SL department, Narren (for the confidential purpose, this name has been replaced with pseudonym), attended the presentation at the RCA. The project team showed the full presentation pack to Narren and Fei. Narren asked some questions about building trust with the customer and how the offering would compete with existing offerings from other competitors.

The design outputs

The project outcome was represented by the presentation pack and the appendix (see figure 26). The pack included four sections: A) the research findings on family-owned businesses' difficulties. This included insights into existing borrowing issues and four new opportunities; B) the problem statements which summarised the interventions; C) the new service which included the brand name, the service proposition, the new customer journey and the digital touchpoints; and D) the value proposition for the bank and the family-owned business. The appendix provided a blueprint of the

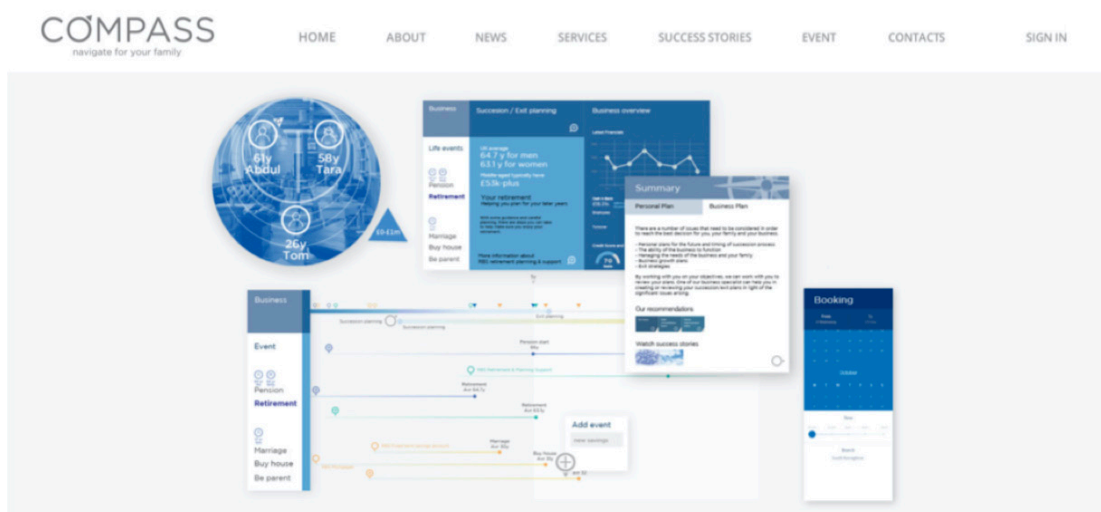


Figure 26. The design output: Compass, a new lending service for family business.

service front and back offices.

4.4.4 Project evaluation

The final outcome of the project was evaluated by the expert designers in the RCA studio and stakeholders in HJ bank. In the senior executive presentation, the positive feedback underlined the team's ability to conduct first-hand user research. The stakeholders from the SL department were impressed by the insights provided by the user research and the market opportunities, and the benefits related to long-term planning support for succession in family businesses. They stated that they liked 'the customer orientation' approach to identify particular segments and distinctive needs.

However, the evaluation highlighted some problematic areas.

The critical timing of stakeholder collaboration

The evaluation focused on the project development process and the problems related to conducting user research. Because the staff team did not facilitate workshop organisation, the project team was obliged to invest time and effort in the research phase to identify users. Managing the time table and commitment to the user research was challenging. For instance, the timing of the workshops was difficult because of conflicts in participants' schedules. The team had to rely on other data collection methods such as ethnographic interviews and field observation.

The project team found it difficult to focus on the client perspective. Following the ideation workshop which had only three participants from the HJ bank, there was a need for further research on a more specific user group. This required a return to the research phase to reformulate the problem statement and insights.

The challenge of project team collaboration

Given the experience of team collaboration issues from Project One, the project team

tried to improve task allocation and coordination among team members. It spent more time and effort on understanding individual goals and expertise via informal team meetings. It held more team-building sessions during the project. These involved informal social occasions aimed at strengthening the links among team members. However, team collaboration remained an issue due to extra-project priorities, such as holiday plans. These resulted in changes to the team's design tasks and design outputs.

The visualisation of brand experience

During the tutorial sessions and the studio presentation, the RCA staff gave positive feedback on the research results in terms of the framing of the problems and insights. However, lack of detailed work on how the solution looked and felt received negative comments such as, 'it should be brought to life, to allow details of the touch-points and the brand to give a sense of the service experience'.

The 'business case' for the new concepts

The head of the SL department commented on the adaption efforts that would be needed to implement this new service concept. He explained that the business model of the new concept in relation to financing and market positioning among SMEs was as a lender rather than a relationship manager. He described the economic benefits as concerns for the pilot. He said that perhaps 'the tough bit' of designing the service was the sustainability of the service operation.

4.4.5 Summary of the key learning from Project Two

The service designers in Project Two were working in a similar project context to Project One, in a partnership between the RCA studio and the SL department in HJ bank. The briefing format was also similar. However, the service designers in Project Two had additional responsibilities including designing and running the workshops

and recruiting workshop participants. This involved additional work related to planning and organising these workshops and their participants. Problems with stakeholder collaboration also emerged.

Lack of understanding about current operations, particularly economic aspects, meant that the feasibility of implementation of the new service concept developed by the service designers was questioned, as in Project One.

Individual objectives, commitment and ways of working at times hampered the collaboration necessary to achieve effective service design practice. Managing and accommodating those differences in a first-time team remained a problem for service designers.

4.5 Project Three

Following Projects One and Two, the studio continued its partnership with the SL department in HJ bank. In 2016, the SL department agreed to two more service designers joining for the summer. They included the researcher and another service designer from the studio who had placements in the department between June and October 2016. The RCA studio also secured a training programme starting in 2016, for a cohort from the SL department.

Following this development, the SL department continued to work with various clients from different parts of the HJ bank, to innovate services. It developed its offerings based on understanding and designing customer experience alongside previous capabilities in process efficiency and operating models. During the summer, the doctoral researcher took part in several projects to support the production of key service design outputs, from customer workshops, customer insight development, customer journey mapping, and customer persona to compile the final presentation pack for the new service concept. Project Three is one example of these projects in which the researcher participated as a team member during the whole of the project.

Project Three took place in HJ bank between the SL department and its internal client, the Payment department and did not involve an external partner. Project Three was commissioned by the Payment department which asked SL to form a joint-team to support its development.

4.5.1 The project briefing

There was no briefing document at the start of the project. There was a verbal presentation during a briefing session held on 4th August 2016. The project wall space included some written information on the project which described the objectives of the 'BACs Simplification Story':

- 'Reduce the end-to-end cost'
- 'Improve customer experience'
- 'Optimise risk/control profile'.

The cost objective was measured quantitatively. The customer experience objective was left empty and the risk/controls objectives were indicated as requiring potential improvement action.

The wall space also displayed the project 'sprint principles' in the form of eight bullet points which described a project process and a 'to-do list'.

Also displayed were a set of principles for team collaboration which included collaboration, reporting and ideation.

4.5.2 The project team and organisation

The first part of the team was formed by members of the Payment department. The project was led by the head of customer experience, Bill (for the confidential purpose, the real name has been replaced with pseudonym), a member of the Payment department, and six other department staff. Bill had been with the bank for more than 20 years and 'knew the right people' he stated, confidently, during a conversation with the team and in subsequent meetings. The other members of the department, who joined this ad-hoc project, included a junior graduate-programme trainee, two operational staff with expertise in process mapping (or 'blue-works'), and two senior staff members.

The second part of the team were members of the SL department which had been asked by the head of customer experience in the Payment department to support this NSD project. He explained that the purpose of a joint team was to ensure that the NSD project was supported by relevant expertise and methodologies from the SL

department. He was pleased that the second group could join the team.

The second group was led by a delivery manager, Fei, from the SL department and included two service designers (one being the researcher), a member of the Method and Practice team and a change agent.

None of the team members from these two groups had worked together before the project. It was the first time that these people came together as an ad-hoc team to improve the current BACs services. These two groups were joined together a week after the first group got the project underway.

Prior to the first meeting, the SL project manager and the head of the customer experience agreed that the SL project manager would be the project lead in charge of project governance and the team development process. The team members would report to the SL project manager directly to ensure a smooth process.

The head of customer experience would, as he explained himself, be 'the face of the project', meaning he would be responsible for stakeholder engagement to ensure that the project had appropriate access to inputs from relevant stakeholders and that results were reported to more senior stakeholders.

The rest of the payment team was assigned to 'owning' the service development of the 12 processes within the end-to-end BACs service, to ensure that each process was managed by at least one person.

The rest of SL team were commissioned by Fei to guide project development in terms of defining individual tasks and work days. The Method and Practice staff were responsible for training people to do the tasks and ensuring a rigorous development methodology.

The position of service designer and the roles

The two service designers who joined the project were in junior positions in the SL

department and were described as service delivery consultants. At the start of the project, they were introduced as service designers, educated at the Royal College of Art. The other team members questioned why 'art school graduates had joined the bank'. There was little understanding of service design and its relation to the BACs project.

Therefore, Fei asked the two service designers (who previously had worked in the partnership with RCA and had service design foundation training) to support development.

The service designers did not have predefined tasks due to the unfamiliarity of the discipline to other project members and its contribution to the NSD project. It soon became obvious to the service designers that supporting the NSD project would involve initiating service design activities that potentially would add value.

The project space and tools

In the first project meeting, Bill highlighted that a good collaboration space (or 'sprint cell') was an achievement in itself. He emphasised with pride that this project space was thanks to his personal connections in the bank, which had allowed allocation of a newly refurbished digital department floor in the personal banking group. This space was separated from the office building housing the Payment department and the BACS team. The floor where the project cell was located was accessed via a staff pass and two security doors.

The space was enclosed on three sides by cupboard lined walls, the fourth being an open entrance. The cupboard doors were decorated with landscapes. The room was furnished with a long coffee table and two benches, indicating that it had been designed as a recreation space.

Near the sprint cell, there were two desktop work station areas for hot-desking for whoever needed to access the HJ bank intranet. During project development, team

members from the BACs project would leave the cell and find a desktop station to access digital files. It was difficult for the team to sit together in this hot-desking area.

The tools available were also limited. This was particularly difficult in relation to digital tools (e.g. a team collaboration file system and Adobe suites,). In the early stages of introducing new staff, five different accounts and passwords were required to access different internal systems, such as work desk booking, email login, intranet operating system log-in, corporate travel booking and internal online training. Each support system had been designed independently which meant they all had different accounts and passwords.

This also applied to the digital file system needed for the BACs project. The project team did not have authorisation to set up a digital file system. Most importantly, there was a limitation on email and inbox sizes and storage. Files bigger than 5MB could not be transferred. Each time more storage was needed required additional approval and support from the IT department. The project team sent the request to the relevant IT person but was told that any additional digital storage would not be possible due to other priorities. Instead, the service designers suggested relying on paper, drawings and the white board to share information inside the project. . In this floor, there were A4 printers set-up within the HJ intranet, which required separate access code to those printers. It was often impossible to print out a file due to printer set-up problems. Large and complex prints had to be sent to the corporate printing office which was located in another building in another area of London. Thus, the service designers were forced to rely on drawings and pasting together A4 sheets of paper to create large format data visuals.

Non-digital tools were more easily accessed. White boards, post-it notes and marker pens were provided by the floor's space manager. These were the most frequent stationery items used by the digital teams on this floor. To obtain non-stock items involved applying by email and the team was advised to purchase them directly as this would be quicker and easier.

4.5.3 Project methodology and execution

The 'simplification' methodology

The project manager decided on a 'simplification' project methodology. He explained that the project would take eight weeks and involve a sequence of 'sprints'. At the end of each sprint, the work-in-progress would be reviewed by his boss and relevant stakeholders.

When asked about the specifics of each sprint and the required outputs, he explained that they would be guided by the SL team, since this was his first simplification project. There was no project schedule prior to the SL team participation.

In one meeting, the project manager described the sprint methodology. He took the team to visit a simplification project run on the same floor by a digital team developing a new digital service. The digital team explained their method as agile and using a shared project space. The digital team demonstrated a work-in-prototype digital interface developed at the end of one sprint.

The methods

Methods were not clearly defined in terms of the development of diagnostics and the methods to be applied in each development stage. In the first joint meeting, the project manager, Bill, said that 'if we need to do something with the stakeholders or collect the data from them, we need to have just one go, because there are other works for them as well'. He made it clear that project team coordination was essential to reduce interruptions to stakeholders' day jobs.

The initial project meeting did not define specific methods apart from reference to 'agile' methodologies by the SL team.

The project activities

Sprint One: 1st and 2nd week:**The first debriefing 'Scrum'**

Week one began with a morning team meeting on 4th August 2016. Held in the project cell, this debriefing session introduced the aims of the project and the project team members. Bill explained what the simplification project was and its connection to the current strategic direction supervised by the bank COO.

In terms of the service, he described the 12 service process of the BACs end-to-end service and how each was assigned to his team members to review. Brat and Nat described their work on on-boarding reviews and over-limit reviews. Their explanation focused on six categories: Cost, Risk/Conduct, Customer, Vendor, Income and Technology which they described as lenses for the reviews and improvements. This information was displayed on the project wall.

A day after Bill's debriefing session, Fei organised a morning team meeting where he explained the roles and responsibilities of the service designers in the development. He stressed the importance of a customer lens among the six simplification lenses, and asked the service designers to work on the customer journey to ensure eventual potential improvements would not have a negative impact on customer experience. He asked team members, Tet and Tom (for the confidential purpose, these names have been replaced with pseudonyms), to take responsibility for the sprint and agile methodologies. Fei explained that the project would be 'sprint-led' and the team needed to ensure methodological rigour. In addition to customer journey mapping and agile methods, he asked the team to help Bill to set up the cell project space.

The second debriefing 'scrum'

On the first day of week two, the team gathered for another more detailed debriefing related to project objectives, roles and responsibilities. Bill emphasised the objectives in a second morning meeting (9th August) as: 1) 'do a sprint' to respond to the firm-level initiative; 2) 'ratify and optimise'; 3) deliver cost savings; and 4) career and skills

development for individuals. He had agreed with Fei about team governance: Bill was responsible for liaison with other stakeholders outside the projects and stakeholder management while Fei would be responsible for running project activities to ensure quality deliverables. He gave details of individual timetables and holiday plans.

In this meeting, Bill also presented the project process and individual deadlines. He explained that each sprint would last two weeks including deliverable updates to be presented to his boss and other senior stakeholders. This set the first deadline for the first sprint as the following week. He asked for everything to be completed by the following Thursday, including a wall presentation to explain project progress.

An agile workshop

Tet and Tom organised a workshop on agile and sprint methodology. This session set the project development structure in terms of team meetings, activities and tools. They asked for all the materials to be shared and updated on the wall at the end of each day and for a meeting 'scrum' to be held every morning to update work and plans.

They introduced 'a big picture map' that included the customer journey map, the process map and an organisational operating model. They showed examples of these tools from previous projects to help the team understand the deliverables.

A service design workshop

Following the debriefing session, the service designers proposed using the customer journey map as a tool to allow the team to establish a more holistic picture of the BACs service from the customer point of view. The goal was to connect the current 12 service processes to build up the 'end-to-end' overview of the BACs service. This was agreed by the team and was in line with Bill's requirement for methodological rigour.

Service designer Wuk and the doctoral researcher prepared the workshop materials

which included a print-out of the workshop agenda and introduced service design tools: persona, stakeholder wheel and customer journey mapping. The agenda provided information on objectives, activities, duration and outcome. For the customer journey mapping exercise, the service designers prepared a post-it template with questions about actions and pain points along the customer journeys. For the persona exercise, they prepared a company profile form to capture and understand the customer's needs and basic company information.

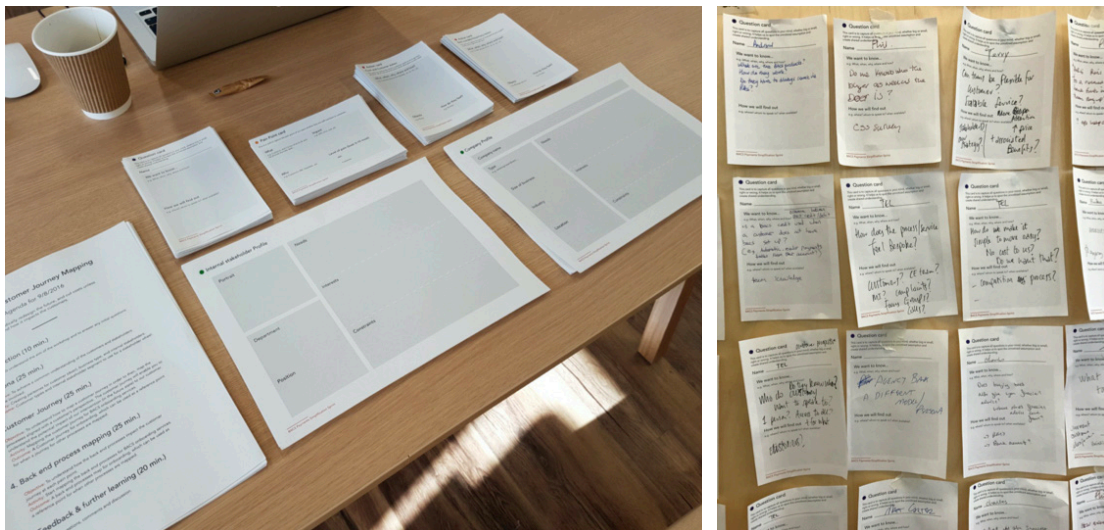


Figure 27. Service design workshop materials

The workshop was led by the service designers. Because the team members had not previously used these tools, it took time to explain them and how they worked. The exercise focused on the on-boarding process since it was customer-oriented. The team used the cell wall to visualise the process and map the questions. As a demonstration, it was helpful to use these exercises to identify current gaps. After the workshop, the service designers worked with Brat, Nat and Albert on their assigned processes related to the customer journey template made by the service designers.

The retro pack

The retro update occurred at the end of sprint one, and the retro pack was prepared by the service designers in the team. Following Bill's bullet-points, and based on Bill's editing advice, the service designers prepared slides to form a story-board. Preparing the pack involved an iterative process.

Initially, the objective was to present all 12 processes in the end-to-end review pack and to demonstrate development of each one. However, because this was too much work and most processes were unclear in terms of the research into customer experience and cost-structure, it was decided by Bill to select three journeys instead of 12.

The pack introduced the project objectives, how they aligned to the ongoing initiative of the COO, and potential outcomes for the BACs service (see figure 28). It demonstrated the scope of the many individual processes involved in the BACs services and the three on which it had been decided to focus. It included details of the support Bill required from other departments. The BACs service was connected to the personal banking and commercial banking groups, which were separate departments. This pack also contained a Q&A section that asked for senior stakeholders' guidance on anything that had been overlooked.

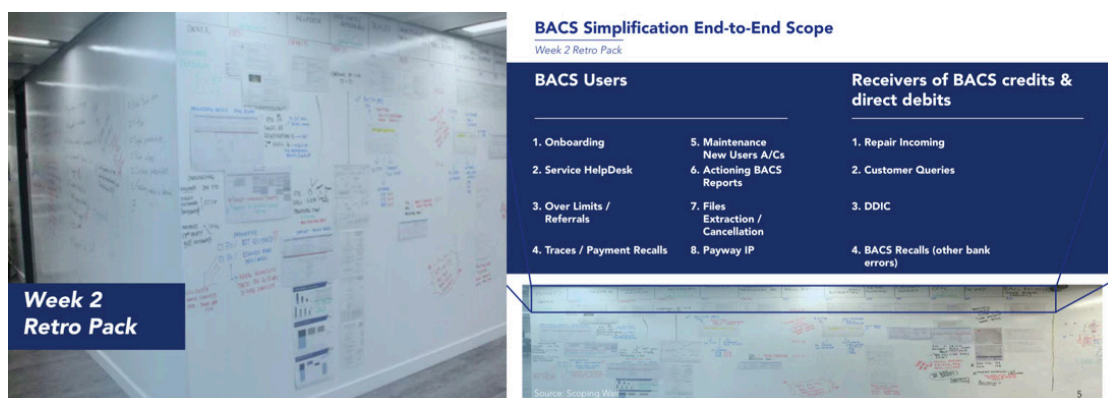


Figure 28. Pages from the retro pack

Updating the cell wall

Another weekly task for the service designers in the project team was to facilitate the data gathering of other team members working on their own individual processes. Wuk (for the confidential purpose, the name has been replaced with pseudonym) and the doctoral researcher were asked to display their latest findings on the cell wall (see figure 29) and to make it visual and clear for the team and other stakeholders. The objective, Bill explained, was that ‘if my mother walks by the wall, the information would be easy for her to understand’.



Figure 29. Updating the cell wall

The retro with stakeholders

The first retro with the stakeholders took the form of a conference call led by Bill, on 15th August in week 3. The retro pack had been shared the previous Thursday with the 15 senior stakeholders outside the project team. In addition to the project team members, eight people participated in the conference call. One referred to the need for a more holistic view of the ‘end-to-end’ review, meaning, ‘from day one to day

500' a view of how each individual process was linked in the current process. Another person asked the project team to provide further data on the processes in terms of cost and time.

Sprint two: 3rd week

After the retro with the stakeholders, the project team responded to the feedback. This meant producing an end-to-end understanding of the links between the processes. By adopting a customer-centric approach, the service designers proposed unification of these processes from the customer perspective and an explanation of them using first person language.

Big picture mapping

After this meeting, the project team decided to produce a 'big picture' of the links among the processes. Two service designers suggested producing a map from a customer perspective, from day zero including each moment triggering the individual processes.

In order to create a shared space for information gathering, the service designers started to find an empty space on the wall and put self-adhesive whiteboard films on top to create a pop-up whiteboard. They drew a customer journey timeline and asked the team to map where each process was positioned on the customer journey. They asked the team to describe the moment that triggered each process. Then, as the BACs service affects both individual consumers and organisations, the team defined two customer journeys - for 'users' and 'receivers'. These were coded by colours and numbers to indicate their positioning on the timeline. To increase understanding, the service designers asked the team to describe the triggering moments in terms of 'I need BACs' or 'I still don't understand it, you never told me'.

In this mapping process, the service designers facilitated the individual team members' data gathering through a holistic customer journey. Based on iterations, the

mapping of the 12 services identified four phases of the 'end-to-end' BACs journey: 1. application and set-up; 2. first use; 3. problem solving; 4. advanced enquiries. Each part was explained via a first-person quote indicating the service context (see figure 30).

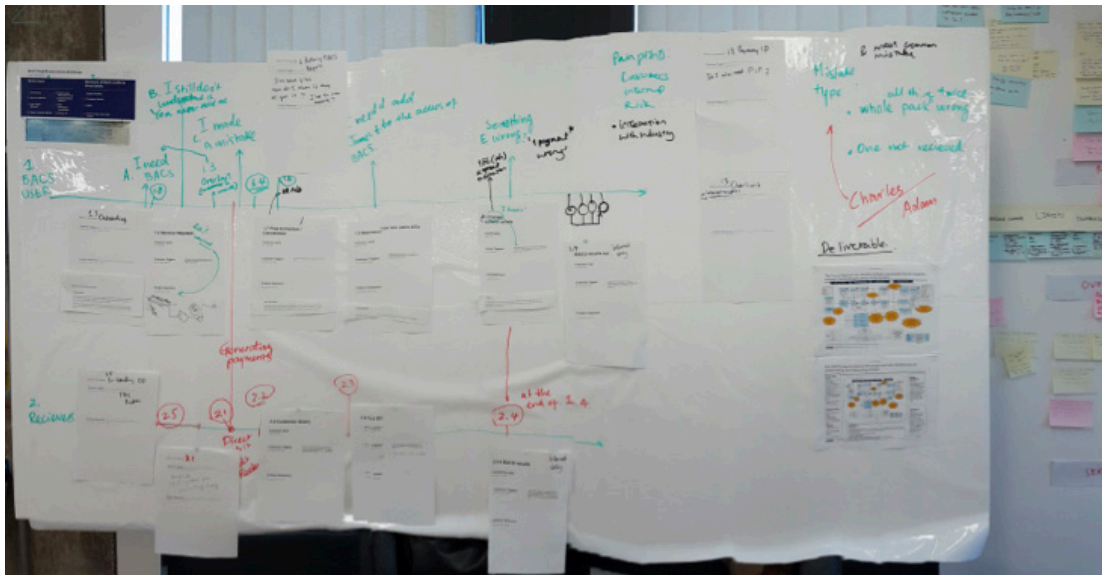


Figure 30. A 'big picture' mapping

The 'problem statement' template

After the retro, the service designers provided each team member with a problem statement template to facilitate process analysis and ensure consistent quality among the 12 processes. The template included four sections: A) name of the process' B) customer types; C) trigger moments; D) problem statement. These templates were shared via email and were filled out and printed.

Redundancy announcement

During week three, redundancy and restructuring of the SL department were suddenly announced. The SL department members in the BACs project left for the redundancy announcement meeting. In the meeting, Narren made it clear that HJ bank had decided

to decentralise the department into franchised business units. This would reduce the number of jobs from 120 to around 20 in total. All senior managers, including the head of the department, had been given redundancy notices.

After the redundancy announcement, the BACs project team members, especially the joint members from the SL departments, made adjustments to their project commitments and the joint project team's effort diminished immediately. Tom left the team to focus on finding a new job. Tet and Fei tried to balance project activities with internal follow-up meetings and obtaining roles in the franchised business units, which meant frequent time away from the project. Two service designers, Wuk and the doctoral researcher, had their work placements reduced. Alongside the BACs payment project, two of the service designers were asked to help with team members' CVs and work portfolios to help them to apply for new jobs. Tet and Fei explained that this changed personal priorities, favouring future job security over commitment to the project.

Bill had empathy with those affected by the announcement, while explaining that redundancies were inevitable from time to time inside the bank. He took over project governance from Fei and Tet to ensure continued progress. At the following day's 'scrum' meeting he announced adjustments to project objectives and said 'quick-wins' were the focus, which contrasted with his previous project outcome ambitions.

Prioritising quick-win work streams by performance score

Following Bill's direction to narrow the focus to achieve quick-wins, the project team started to correlate the data collected via the six lenses of customer, income, conduct, risk, technology and vendor. Each was awarded a performance mark from 0 to 10 by the team. Tom facilitated this session and the top priorities were decided by Bill.

The retro pack two

The second retro pack followed the same design process as the first one. Bill outlined the content and what he wanted to convey to senior stakeholders. The pack included

a picture of an end-to-end customer journey and how the existing 12 processes were linked. It prioritised four processes for further development, which was explained through the lenses of cost, risk and customers.

The retro meeting with senior stakeholders

The feedback on retro pack two focused on the potential outcome of the improvement. Bill explained to the senior stakeholders that the improvement outcome would take the form of cost savings which would be one of the key benefits of the sprint.

Sprint three: week 4 and 5

Sprint three focused on process diagnosis. It was described as the 'as-is' state, which was the current state of the service is. From week 3 it was clear that this 'as-is' diagnosis would not include any customer research. Although the customer was the focus, Fei explained to the service designers that there was no time available in the sprint and no leadership support for additional customer research in light of the announced redundancies.

Designing the 'as-is' templates

The project team saw sprint three as establishing the 'as-is' related to the four processes selected from the previous sprint (see figure 31). According to Bill and Tom, the 'as-is' refers to the current status of the service. The goal of 'as-is' is to ensure analysis of current problems and opportunities in the service.

To enable the establishment of 'as-is', the service designers designed template packs for each team member to collect and document data for the individual processes. The template packs included context, stakeholder map, customer/company profile (persona), pain points, data (cost data, volumes data, income data and complaints data), customer information, competitor analysis, problem statement and moments of truth. The rationale for the template packs was that the project team could accelerate

the sprint progress and the service designers could ensure consistent development without wasting time catching up on knowledge related to each process.

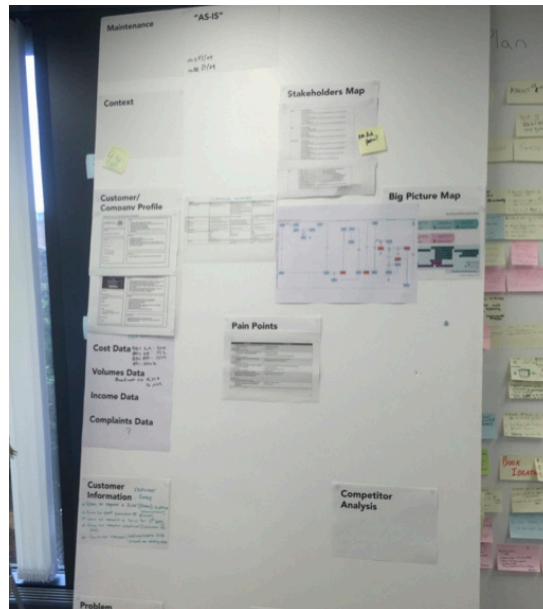


Figure 31. The 'as-is' template design

The 'as-is' workshop pack

Following design of the templates, the service designers prepared packs for the chosen processes, for the stakeholder workshop. The packs included a brief description of the project (its goals and its positioning with stakeholders and their strategic goals). It explained the objective of the 'as-is' session and why it was important to engage with the invited stakeholders. It described the process and its position in the end-to-end 'big picture' of the BACs service, and its significance. The pack also included a process map similar to a 'service blueprint'. Pain points were highlighted. A set of problem statements was generated and there was a question page for discussion. At the back of the pack, was a timeline of the project development process.

The 'as-is' stakeholder workshop

The project team planned the 'as-is' stakeholder workshop to ensure correct analysis of the current status of each process with the appropriate stakeholders. A workshop pack was prepared, and a conference room was booked. However, on the day, the stakeholders did not attend in person. Some participated via a conference call. The service designers were surprised, but Fei explained that many people preferred to take part in a conference call rather than attending a workshop.

As a result, the following 'as-is' session with the stakeholders became a conference call session and phone conversation on the 'as-is' pack.

Sprint four: week 6 to week 9

Following establishment of the 'as-is' state of the processes, sprint four focused on ideation of the 'to-be' state for each process. The project team began planning 'to-be' workshops for the coming weeks. Bill was responsible for confirming the stakeholder participation. Team members Brat, Jackie and Mike were each responsible for a process and the relevant workshop logistics including the as-is pack and potential questions. Two service designers together with Tom from the SL department were in charge of designing and running the workshops. They facilitated the 'ideation'.

Designing 'to-be' workshops

Following the 'as-is' session, the next objective was to develop a 'to-be' workshop, with stakeholders to suggest and create solutions to the problems identified and set priorities.

Two service designers facilitated the team discussion of which creative exercises should be included. They constructed a timeline for the three-hour sessions which were split into five parts: introduction, vision 2020, ideation on elimination and reduction, ideation on managing better, and feedback. Two service designers proposed 'house-

keeping rules' for ideation: one idea per post-it note, no idea is a bad idea, one discussion at a time. The service designers prepared the creative exercise at the beginning of 'vision 2020' to help stakeholders re-imagine solutions. They prepared parallel examples from other industries to boost ideation.

The 'to-be' workshops

Following the workshop design, Tet and two service designers facilitated the workshop (see figure 32). Bill introduced the session by presenting the 'as-is' results and thanking participants for attending. The service designers introduced the ideation method of thinking in other creative companies and industries. The participants described their ideal service based on their past experience and what they liked about it. Participants identified John Lewis, Apple, Amazon, Alibaba and Sky for their 'slickness', 'convenience' and 'helpful attitude'. This exercise served as the ice-breaker to engage with the stakeholders and 'take them away from their day job' according to Bill and Tet.

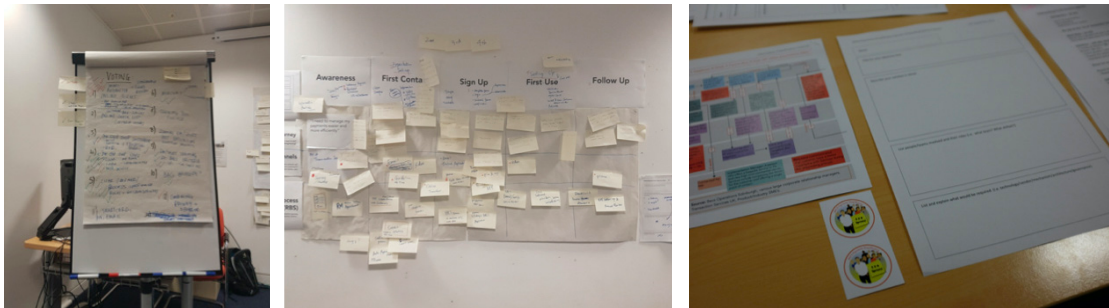


Figure 32. The 'to-be' workshops

Tet hosted the next part on 'radical elimination of cost'. He described this as 'the most ideal state' of the future. Each participant was asked to ideate on their own for five minutes and write down their ideas on the post-it notes. Tet asked each participant to explain his or her ideas and the service designers mapped them on the white board. Tet then asked participants to focus on solutions to achieve the 'ideal state', following the same ideation rules. The third part of the session involved prioritising the solutions

on an impact and cost matrix. Bill said that the impact should be considered at the 'short-term, mid-term and long-term'.

The post-it notes were collected by the service designers following the explanation of the ideas, and were then re-grouped by similarities and themes followed by a discussion of ideas. Each work stream owner acted as an expert for each assigned process, responding to the questions posed by participants. Questions that remained unanswered were collected for further follow up.

Sprint five: week 10 to week 12

Sprint five was implementation. In this stage, Jackie was in charge of implementing the ideas for each process. Since most of the collaborative team work had concluded, the service designers had only a small input to the implementation stage and their roles were phased out. Wuk asked to be in the team responsible for pack production to ensure consistency in stakeholder communication.

The design outputs

The design outcomes of the project were presented in each stage of the sprints. They include the retro pack, the as-is pack and the to-be pack. These packs were essential documents to demonstrate progress and outcomes. Because there was no defined hand-over stage, the packs were a critical design outcome, featuring diagnosis of the end-to-end process.

4.5.4 Project evaluation

Recognition for individual careers was considered as one of the project goals, which was achieved at a later phase of the project. Several individuals, including Bill, the project leader, and two service designers, were recognised by the senior executives. This was perceived as important by the project team, especially in light of the ongoing redundancy programme in HJ bank. This recognition was shared with stakeholders

in an email.

Implementation occurred in the last sprint, through the change manager, Jackie. She monitored the implementation of solutions, such as 'a new BACs envelope', by the local teams. The priority solutions, which were chosen based on scoring, emphasised rapid implementation. None of the technical solutions was selected, due to the long time needed for digital developments.

In addition to evaluation of project outputs, service design practice was also evaluated. It highlighted the iterative nature of 'making'. After the project, Bill commented that it was new and refreshing for him that service design went through several iterations based on feedback. He found constant iteration and improvement positive, adding value to the project. Wuk also appreciated the iterative process. She said that when she joined the project, everything was new and, in contributing to the project, the service designers had to make and learn on the spot. This iterative making through visualising the information in presentation packs and on whiteboards empowered the collaboration among the new team members.

The change agent from the SL department, Tet, reflected that the creative exercises and facilitation of the stakeholder workshop were valuable for the project. It was helpful for stakeholders to take a day away from their jobs to suggest ideas. The time keeping, post-it grouping, design and production of the exercises and their templates, made for constructive sessions.

However, there were several areas that emerged from the evaluation as problematic.

Team collaboration challenges for service designers

Credibility and clarity were problems identified in relation to the service designers in the project. Bill, Tet and Fei frequently emphasised the importance of establishing credibility at the start of any stakeholder or team introduction. They said that lack of credibility meant no one would pay attention to what was said. This aspect of

credibility was evaluated as a challenge for the service designers in the project team.

An associated challenge for service designers was how to establish that credibility without experience of researching and designing customer experience. In this project, there was no customer research which made it difficult for the service designers to navigate and adapt to the needs of the team. The credibility was linked to the question of what expertise service designers provided to the team.

The two service designers were asked to simplify to-do lists and check points for activities in the team collaboration exercises, communication packs and stakeholder workshops. Bill and Fei explained, on different occasions during the project, that people would feel time constrained without clear instructions. 'Bringing it to life' was critical to reduce complexity. The project objectives in Wuk's view, were very complex and involved several different lenses and objectives, and different individual goals. Balancing these was critical for team collaboration and required facilitation from the service designers.

Limited access to design tools and resources

The service designers in Project Three had to find ways to visualise and produce key design outputs, such as customer journey mapping and the presentation pack without the facilities provided in the RCA studio. The lack of effective tools from Adobe suite to large format printers, limited the ability to produce design outputs. To prepare for the workshops, service designers had to manage production of design output without the use of production tools.

Stakeholders workshop challenges for service designers

As in Project One, stakeholder participation in Project Three was not managed directly by the service designers in the team. They only designed and facilitated the workshops which were run by other senior team members. However, the challenges for service designers remained due to unpredictable stakeholder commitment. In the

first workshop, the service designers were responsible for the workshop format and activities in a two-hour face-to-face workshop. However, the workshop was suddenly changed on the day and was facilitated remotely by a conference call, which reduced the effectiveness of the workshop activities that the service designers had originally designed. The difficulties of internal stakeholders from other parts of the bank also emerged in this project.

4.5.5 Summary of key learning from Project Three

The description of Project Three provides several lessons. Firstly, it was a different project set-up compared to Projects One and Two. Unlike working in the design studio environment, the service designers were working for the internal management consultancy (the SL department) in HJ bank. The service design practice had to integrate with other capabilities of the management consultancy for service innovation. At the same time, Project Three had a different client-consultant relationship than in Projects One and Two. The client and consultants (including service designers) were working much more closely in Project Three. Overall, the context of the organisation, project methodology and execution were very different.

The service designers faced similar difficulties, but in a different form. Team collaboration and the stakeholder workshops posed constraints and difficulties for the service designers and their practice. The lack of design tools and resources were particularly problematic in this project.

4.6 Conclusion

This chapter introduced the organisational context of the three projects. It described the RCA studio and the SL department at HJ bank. It discussed the organisational structure, the positioning of service design capabilities within it, and the design resources provided by the organisation. In the case of the SL department, in particular, it highlighted a set of wider organisational forces, both external and internal, related to HJ bank's service innovation. The details of the organisational context extend our understanding of the projects beyond the initial project briefing.

We described the three projects that ran between 2014 and 2016. In each case, the project briefing, team set-up and methodology were outlined to understand the project context of the service design work; service design practice and the design outputs were explained, and how these were evaluated, with the problems in relation to the activities of service designers identified.

Chapter 5 Discussion

5.1. Chapter introduction

This discussion chapter addresses the two research questions formulated in Chapter 2 Literature Review:

(RQ1) In what corporate contexts is service design practice adopted in the UK's financial service sector?

(RQ2) What are the challenges for service designers and their practice of service innovation for banks?

To address the first question, we discuss the organisational, project and team contexts. On each level, the implications of each context are discussed in relation to the issues for service designers. This addresses the second research question.

5.2 The organisational context

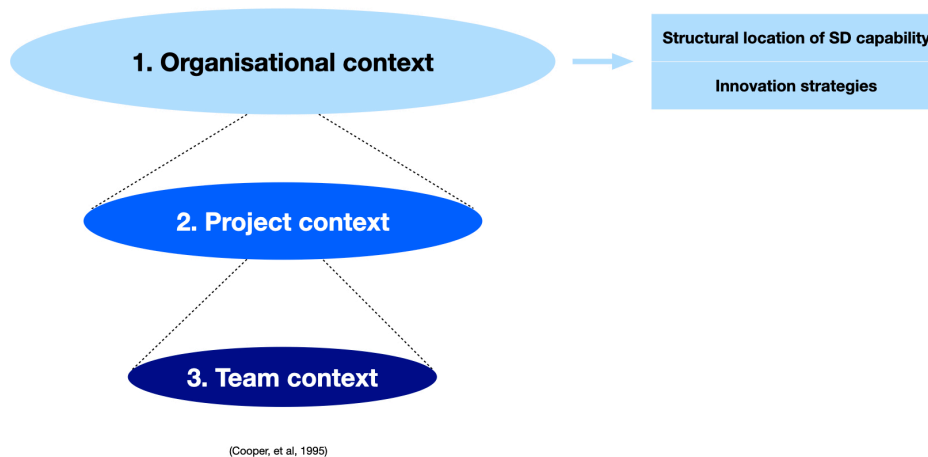


Figure 33. the framework overview of organisational context

This section discusses two elements of the organisational context (see figure 33).

First, it examines the positioning of service design capability in the organisational structure, highlighting its complex and diverse location within the HJ bank and the competitive relationship among business units. It argues that current understanding of service design capability can be differentiated according to its structural location and relationship with other business units. The internal consultancy positioning of service design capability and competitive intra-organisational relationships present problems for service designers in relation to planning, designing and collaborating in projects.

Second, it discusses the positioning of service design capability in terms of organisational strategy. This second section argues that the internal innovation strategies deployed by HJ bank are not driven solely by design. The strategic landscape is complex and is related to the delivery of complex organisational objectives from cost cutting, to leadership training, to improving customer experience. These co-existing and non-coordinated strategies are problematic for service designers seeking

to understanding how service design practice fits with the strategy and avoiding conflicts that might damage project development.

The implications of the positioning of service design capability in the organisational structure and in relation to innovation strategy, extend our understanding of the corporate context of service design practice, highlighting the challenges for service designers related to intra-organisational collaboration in NSD projects.

5.2.1 The structural location of service design capability

1. Organisational Context	Project One	Project Two	Project Three
Structural location of SD capability	External design studio	External design studio	Internal management consultancy
Innovation strategies	Customer-led / Design-driven	Customer-led/Design-driven	Simplification(Process efficiency), Leadership transformation

Figure 34. The organisational contexts of three projects

The design management and service design literature refers to the location of service design capabilities in government labs (Bason, 2013; Puttick, 2014), digital departments (Sun and Runcie, 2016) and external service agencies (Yu and Sangiorgi, 2014; Yu, 2018). It is recognised that these structural locations influence service design practice based on their unique business functions (i.e., objectives and methods) and readiness to incorporate service design practices (Bailey, 2012, 2013; Junginger and Bailey, 2017a; Junginger, 2015). In this thesis, the location of service design capabilities follows the literature, but extends current understanding of the location in internal consultancy within corporates. This research highlights internal consultancy as an organisational context that includes service design capabilities and other co-existing business units (see figure 34).

The internal consultancy

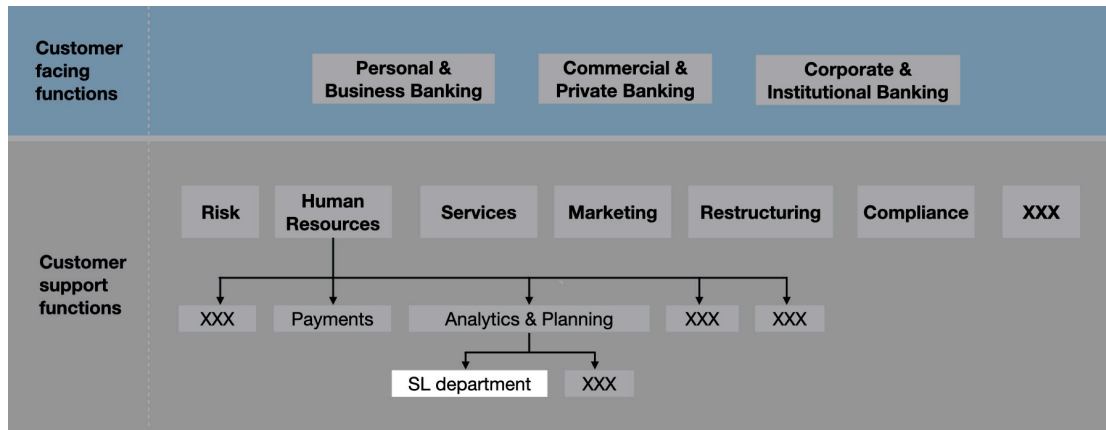


Figure 35. The structural location of service design capability

In this research, internal consultancy refers to the location of service design capability. The SL department, which functions as the internal consultancy business unit for the entire banking group, is one of the structural locations of service design capabilities (see figure 35 and 36). This structural location defines the relationship between the SL consultants and the other business units in the HJ bank. In Project Three, the service designers are the consultants from the SL department who are working for the internal Payments department client. The role of the SL department is to support delivery of Project Three.

Projects One and Two were commissioned by the SL Department with the RCA studio. The internal consultancy position of the SL department was unclear and not understood by the service designers: its role and its relationship to other business units were not considered by the service designers in these projects, which resulted in difficulties operationalising the new service concepts.

Other business units

The SL department is not the only business unit incorporating service design

capabilities. Indeed such capabilities are evident in diverse locations in the HJ bank, such as the Digital department, and the mortgage department, rather than being clearly organised into a single business unit. Depending on its location, the service design capability can be interpreted in terms of design thinking, customer-led design, human-centric design or user-experienced design. During the fieldwork at the HJ bank, the researcher experienced numerous examples of the difference between service design and other design disciplines. Unlike a vehicle designer in the car industry, there is no consensus on what design capability brings to a service.

Competitive intra-organisational relationship

In relation to the design management literature in a manufacturing context (e.g., Oakley, 1990; Cooper and Junginger, 2013), it should be noted that the incorporation of service design capabilities, including the efforts of the SL department, are self-initiated over time by different external parties, such as service design agencies, and universities, rather than being the result of a centralised and coordinated approach for the entire banking group. While the business function of design teams in manufacturing is clear, the diversity in locations of service design capabilities is less so. Since the incorporation of service design capabilities is initiated by each individual unit, there is no unified understanding of service design practice across the organisation. Throughout the induction process in the SL department, it became clear that many business units have their own versions of design methodologies based on their experience with customers. In the Digital department, which occupies a large studio space displaying design sprints and human-centred activity posters, the focus is mainly digital screen-based. In another networking event, outside the bank, other service designers and the design team from HJ bank were located in a specific financial department. During Project Three, the researcher talked to several external design consultants working in different parts of the bank. The discussion with the head of the RCA studio also confirmed that there are other HJ bank business units competing for partnerships and collaboration. This competitive relationship among different applications of service design practice became more obvious with the redundancies in the SL department. In

the internal job transition events among business units aimed at improving customer experience and process efficiency, it was clear that different interpretations and applications of design (e.g., design thinking, customer experience design, and service design) were in use.

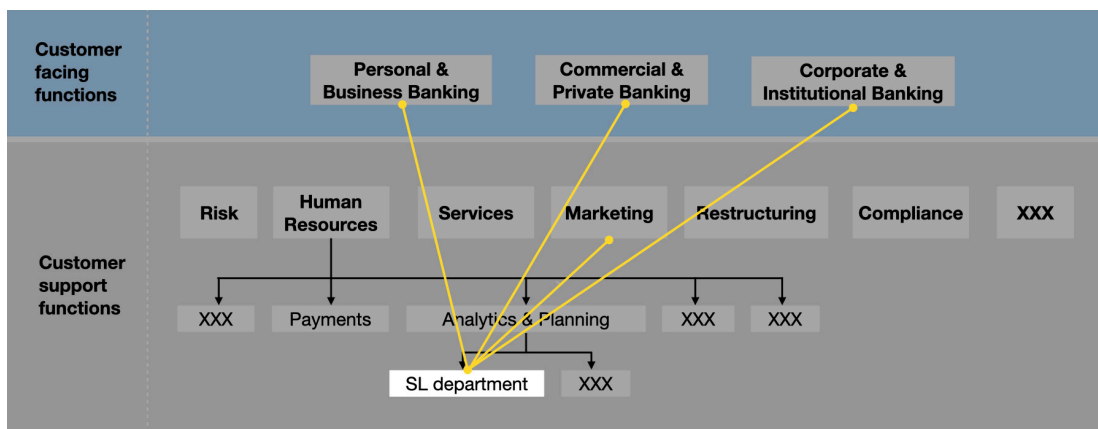


Figure 36. The internal consultancy for other departments

The intra-organisational collaboration challenge for service designers

This reality of the multiple locations of service design capabilities inside HJ bank and their self-initiated incorporation, made it difficult for service designers to anticipate the complexity of intra-organisational relationships. In particular, for service designers working with and for the internal agency within the SL department, it was difficult to anticipate potential constraints on intra-organisational collaboration for the SL department during the NSD process. In Projects One and Two, the intra-organisational relationship between the SL Department and its internal clients and other business units, was not shared with the service designers from RCA studio involved in the projects. Despite the attempts made by the service designers in Project Two to liaise with the wider stakeholder group via workshops on the lending service, these were rejected by the SL Department on the grounds that the internal client was unprepared for collaboration. In the Project Three, being inside the organisation allowed the service

designers working as SL Department staff to experience the competitive relationship among the business units. Located alongside the other digital teams, the Project Three team quickly found different ways to develop project outputs such as customer persona and design sprint reports. This intra-organisational difficulty confirms the findings in the literature on the conflicts inherited from organisational design. The complex intra-organisational relationship between the incorporated department and its internal stakeholders presents another problem for service designers' planning, designing, engaging and collaborating in new service development.

5.2.2 Innovation strategies and service design capabilities

Chapter 2's literature review highlighted the different innovation strategies and relationships between design capabilities and innovation strategies. The service design literature assumes a single innovation strategy within a corporation and largely ignores the potentially diverse and conflicting changes deriving from different strategies. The literature asserts the need for strong leadership to support service design practice and embed service design capabilities (Bailey, 2012; Hollins, Blackman and Shinkins, 2003).

Along these lines, the following discussion highlights the positioning of service design practice in the innovation strategies of HJ bank (see figure 37).

1. Organisational Context	Project One	Project Two	Project Three
Innovation strategies	Customer-led / Design-driven	Customer-led/Design-driven	Simplification(Process efficiency), Leadership transformation

Figure 37. The innovation strategies in three projects

Customer-led innovation

In Projects One and Two, the project objectives were set to satisfy the customer advocacy strategy. At the HJ bank, being No.1 in customer advocacy is among the most important business objectives for 2020. Projects One and Two commissioned an external partner, the RCA studio, to develop new service concepts for the bank's mortgage and lending services. In both projects, service design capabilities were positioned externally and deployed to design and develop new concepts, based on understanding customer needs and market gaps. The external positioning of service design capabilities in these projects was related to a firm level innovation strategy.

The influence of other innovation strategies

However, during the fieldwork at HJ bank, the internal scene presented a complex innovation strategy (see figure 38), in addition to the customer-led innovation in Projects One and Two. During Project Three, multiple firm-level change initiatives were implemented simultaneously: the ongoing digital transformation led by the Digital department, the leadership training programme led by the HR department, and cost-cutting initiatives including restructuring, and process efficiency. These firm-level change initiatives were delivered by different parties, ranging from major business divisions to smaller business units. In Project Three, for example, the service designers and other consultants from the SL department intended to follow a customer-led innovation strategy to ensure an improved customer experience of the new service. However, compromises were needed due to the redundancy of the SL department, announced during Project Three, which was the result of the cost-cutting strategy. The complex firm-level innovation strategies forced service designers and their practices to adapt to and navigate the diverse cost-cutting, leadership improvement and customer advocacy objectives.

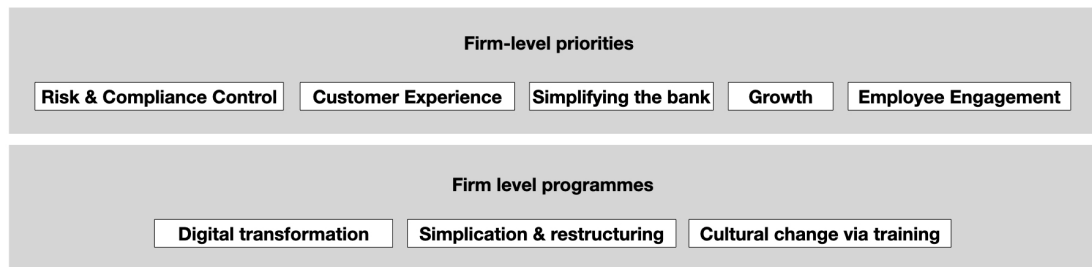


Figure 38. Strategies and priorities inside the HJ bank

The strategy conflicts for service designers

The challenge for both external and internal service designers regarding innovation strategies are two-fold. They present problems in understanding the landscape of innovation strategies deployed simultaneously by the corporate. Different departments and business units may be driven to deliver specific strategic objectives with little coordination. For service designer, this means working according to different strategies. For example, the customer-led innovation strategy was chosen in the Project Three, challenging service designers to adapt their roles and practices. The second problem for external and internal service designers concerns anticipating the conflicts between corporate strategies. There were conflicts between cost-cutting initiatives, related to the need for confidentiality regarding planned redundancies and restructuring. These became clear only when they were implemented and when formal announcements were made. The redundancy of the SL department was hidden during Project Three planning, although it influenced how service design practice was applied.

5.2.3 Summary of findings on the organisational context

There are two knowledge contributions to the academic field of service design, in terms of the organisational context and its influences

a. The structural location of service design capabilities and its challenges for service design

In terms of transferable knowledge, this research expands the understanding of the structural location of service design capabilities in the system firm. It highlights the diversity of structural locations where service design capabilities could reside within the system firm. It contributes to the academic discourse regarding embedding service design in system firms and the specific locations in which it is integrated. In the specific context of the HJ bank, service design capability has been moved from an external to an internal location through a self-initiated embedding programme at the internal management consultancy SL department of the bank. Service design becomes a part of internal consulting offerings, together with other capabilities such as lean and six sigma. In addition, this research also highlights that service design as a capability has also been introduced in other departments at the HJ bank, without coordinated and centralised efforts. As a transferable knowledge, findings at the HJ bank highlights the possibility for other researchers to examine service design locations across business units in system firms.

As another example of transferable knowledge, this research highlights that certain challenges regarding the location of service design capabilities. It argues that external positioning of that capability, makes it very difficult for external service designers to enquire and understand the organisational structure and its constraints on their practice and project outcomes. When service design capability becomes embedded within the internal consultancy at HJ bank, the challenge for the service designer and their practice is then to understand intra-organisational relationships and the dynamic between their business unit and others. As a contribution to service design knowledge, this study highlights the relationship between organisational structure of service design capabilities and the challenges for service design practice posed by both external and internal positioning.

b. Innovation strategy and its challenges for service design

With regard to transferable knowledge in the service design field, this research found that in system firms, multiple innovation strategies could be in place simultaneously, driven by different business units and functions. Positioning service design capability becomes a challenge in the context of strategies that ranges from customer-led innovation, design-driven, digital transformation, to cost-cutting initiatives. It is also a challenge for service designers to navigate the multiple project objectives influenced by those innovation strategies.

In HJ bank specifically, different business units were simultaneously pursuing different innovation strategies. For example, cost-cutting and redundancy was driven by some parts of the business units impacting the Project Three, while service designers were trying to improve services through customer-led innovation. It creates challenges for service designers to overcome conflicting objectives and to seek alignment between different strategies.

This discussion adds to our understanding of the contextual challenges posed by the positioning of service design in a financial corporation. It connects three fields of knowledge - design management, innovation management and service design - to better understand the reality of service design practice in the field.

5.3 The project context

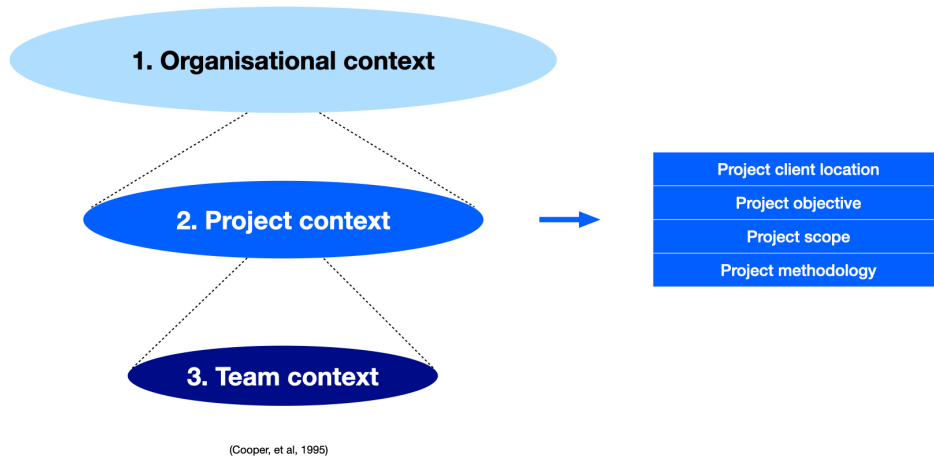


Figure 39. Framework overview of project context

One of the difficulties arising in all three projects was a lack of understanding of contextual information on the project. Current service design practice assumes that most of the project context is explained explicitly in the initial project brief and during the kick-off meeting. This initial set-up allows preparation for service design practice that matches the context. In all three projects, this initial briefing failed to describe the complete organisational context. For example, in Project Three, the sudden announcement of redundancies occurred in the second week of the project and significantly changed the team set-up and decisions about project scope and delivery.

Another assumption commonly made in the service design literature is that project contexts will be similar and service design practice in NSD projects will also be similar. Projects One and Two were described simply as ‘service design projects’, while Project Three was seen as a ‘simplification project’. The literature includes little discussion of types of projects involving service design practice. In early studies, projects are generally referred to as ‘service design projects’. Junginger (2009)

argues that the impact of service design projects on organisational change acts on three levels, namely artefacts and behaviours, norms and values, and fundamental assumptions. However, little is said about what these projects are, and there is an assumption that there is only one type of service design project. Sangiorgi and Yu (Yu and Sangiorgi, 2017a, 2014; Yu, 2018; Yu and Sangiorgi, 2018; Sangiorgi et al., 2015) refer to NSD projects involving service design practice. However, in a Forrester industry report (Buley et al., 2015), service design projects are categorised according to five global service design agency ‘capabilities and offerings’: ‘fuzzy front-end innovators’, ‘experience designers’, ‘digital experience designers’, ‘organisational change partners’ and ‘business system consultants’. Definition of these terms is unclear, and so this categorisation is limited as a description of project types. However, it is useful as an indication of how service design practice is positioned with regard to diverse project purposes and outcomes. There are four aspects to project context which may be considered: the structural location of clients, project objectives, project scope and project methodology (see figure 39).

5.3.1 The structural location of clients

2. Project Context	Project One	Project Two	Project Three
Project client location	Internal management consultancy	Internal management consultancy	Payment department

Figure 40. The project client location of three projects

In the current literature, clients are critical to service design practice. Several service design scholars argue that lack of understanding of the ‘organisation design legacy’ (Junginger, 2015), ‘the pre-text’ and ‘the con-text’ (Junginger and Bailey, 2017b), results in poor service design practice and ineffective service changes in the organisation. Sabine Junginger’s research on the public sector shows that this inherited lack of understanding within client organisations can cause ‘real problems’ related to embedding service design practice (Junginger, 2014).

In all three projects in this doctoral research, we observed the phenomenon of ‘organisational design legacy’. As an embedding process, the three projects over a two-year period involved constant efforts from both the SL department and RCA studio to introduce service design practice into existing NSD methodologies. This aligned with the discussion that service design practice needs to be aware of and adapt to pre-existing NSD methodologies. We contribute to Junginger’s work on incorporating service design into top quality management or new management in the public sector, by showing that, in the private financial sector, service design practice is one among other methodologies, such as lean and six sigma, and agile. These two approaches represent the SL department ‘pre-text’ and ‘con-text’ at the HJ bank.

There is a further nuance which is not made explicit in the current service design literature, regarding the types of projects that the SL department carried out for its internal clients.

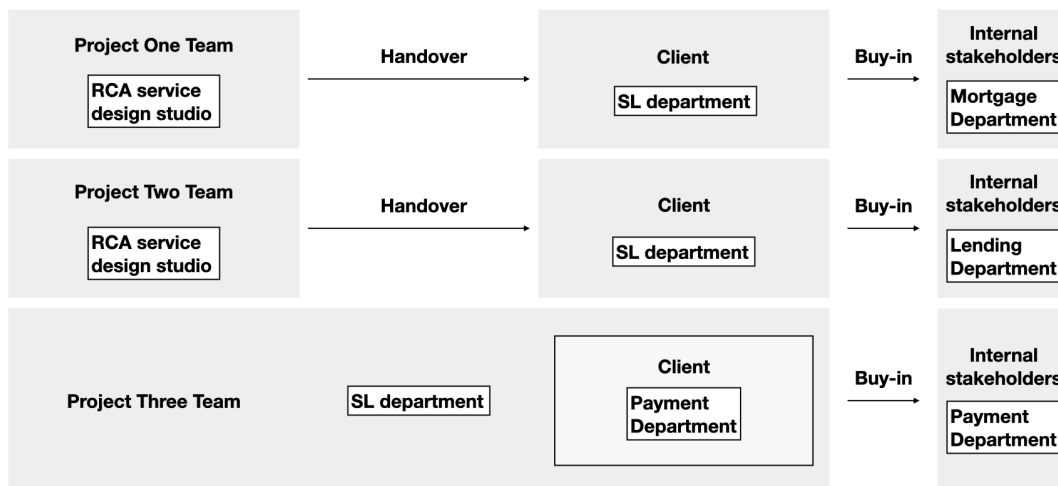


Figure 41. The structural location of clients

As described in the field setting, the project client was the SL department, which functioned as an ‘internal agency’ within HJ bank (see figure 40 and 41). The pre-

text of this 'internal agency' is that it was set up in response to a lean transformation request from different parts of the bank. Its expertise and aims expanded, based on its 'specialism' in cost and efficiency, to include 'customer insight and experience', 'operating model' and 'operational excellence'. The 'approaches' applied in delivering service changes crossed disciplines - from lean and six sigma, agile and sprint, to design thinking and service design. The nuances between the literature and the phenomenon in the field suggest that the 'internal agency' was a 'client' of the external agency, the RCA studio, and that the internal agency would implement different types of the projects in response to the demands of its internal clients.

In the first two projects, the internal client information was mostly withheld from the service designers, especially when the RCA project team first worked with the representative from HJ bank. Earlier in the project, there was a tendency for RCA studio service designers to understand the client as a whole and refer to it as 'the client' or 'the HJ bank'. There was a lack of understanding of the project purpose from the perspective of the SL department. The complex mix of internal stakeholders at the HJ bank was virtually impossible for the project's service designers to grasp, because management of the internal stakeholders was undertaken within the SL department. There were few introductions or explanations to help improve the awareness of the designers; the projects were externally focused and led by customer research and market opportunities, and the internal stakeholders were mostly ignored and poorly understood.

This naivety about, and lack of understanding of, the internal clients and the complex web of the client's stakeholders, resulted in the service designers only realising at the end of the project the problems of implementing the new service concept. During the final presentation and meetings with the SL department representative and senior executives within HJ bank, concerns were raised in the form of questions about 'how to operationalise the new service concept' and 'how to know it is commercially viable'. These concerns were voiced by internal stakeholders, but questions about the feasibility and viability of the changes were impossible to answer,

as the internal stakeholders had not been involved in the process. This highlighted the lack of understanding and expertise about cost management, compliance, risk management, regulation, and information systems, and the lack of involvement of relevant stakeholders concerned with service delivery and operations.

In the second project and during the fieldwork period, it became clear that each unit had a separate identity within the complex organisation; these identities were made visible and, along with key stakeholder groups, were more directly involved in the project.

The internal client in Project Three was different. The type of project depends on the client and who requested 'end-to-end' optimisation of the existing service. The project responded to the client's need to exploit a lean, agile and sprint methodology, involving service design, as opposed to a focus on customer experience.

The 'layers' in the project team emerged as an important contextual factor. The relationships and interactions among the external agency - internal agency - internal client sponsor - end-user teams - and those involved in its delivery - all need to be considered as part of the project context. The need to understand these different layers is critical if service design practice is to deliver desirable outcomes in terms of service changes.

The buy-in and business cases for the internal client

One of the issues linked to the client's structural location is the 'ownership' or 'buy-in' that is required for development. The structural location of the project affects the ease or difficulty of establishing cooperation with the internal stakeholders. In the case of HJ Bank, the structural location of the SL department meant that the projects were commissioned by the internal client or clients and undertaken by the SL department. Depending on the client, the project might need further buy-in for its development,

and the involvement of other bank stakeholders potentially affected by the changes to the service. The SL department was responsible to the other stakeholders within the bank which had established protocols for innovation and change management.

In the SL department, the 'buying in' of consultancy was an implicit part of project service design practices. During the fieldwork in the SL department, service designer, Ala, reflected on the skills that are important for service design practice. Ala commented that building the business case was a critical skill and an important component of project delivery. Senior managers in the SL department also referred to service design capability related to the buy-in from stakeholders, and the development of a vision of the future service. The phrase 'bring it to life' occurred frequently to emphasise the need for visualisations, including videos of new services concepts, by the service designers.

Apart from communication, what other components are required for buy-in? The answer to this is unclear, perhaps because of the loosely defined nature of 'creating buy-in' at the SL department and the HJ bank more generally. The terms used to describe financial improvements, such as 'cost efficiency' and 'cost saving' measures, occurred throughout the projects and particularly when communicating with senior stakeholders. This seems to be a key component of building buy-in and is in line with the firm-level strategy of cutting costs following the 2008 financial crisis.

However, there were other implicit components of buy-in. In the context of previous failed NSD projects, clashes between the leadership of different departments were described as one of the reasons for lack of buy-in to further development after delivery of the project. Another explanation that emerged from observation was the 'not-invented-here syndrome'. This describes the rejection of ideas developed by others. These personally-held views and casual explanations emerged mostly in informal conversations and rumours circulated by word of mouth. In other cases, the lack of leadership commitment to the further delivery phases was considered a myth and as unexplained by the complex organisational changes at different levels.

The silo development from the clients

The three projects required different degrees of intra-organisational collaboration for and with the client. The current service design and innovation literature refers to silo development as a problem for service innovation (e.g., Reason, Løvlie and Flu, 2015; Tether, 2014; Salter and Tether, 2013). During the fieldwork in the SL department, the researcher confirmed that silo development adds difficulty to NSD projects. For example, in Project Three, the client was the Payment department which did not have co-sponsorship with the Digital department of Project Three. This made it difficult to engage stakeholders from the Digital department and avoid solutions that would need to be implemented in collaboration with the Digital department. In Projects One and Two, the project client was the SL department. However, due to the nature of its internal consultancy role, any further implementation of the project required collaboration with other departments such as product divisions (e.g., mortgage, lending) and functions divisions (e.g., marketing, digital).

The structural client location of the three projects in this study shows the consequences of silo development, where a project is initiated by a single department or business unit. It creates difficulties not only in relation to the intra-organisational cooperation required for delivery but also in relation to rumours about leadership clashes and competition among business units which can result in failure of further implementation of the NSD project.

Access to resources

The structural location of the client also defined access to the resources required for development. This included access to critical stakeholders, such as customers, users, and internal stakeholders, and to the equipment and facilities needed for design activities.

In the first two projects, the external position of the NSD project limited access to internal stakeholders, which resulted in insufficient knowledge of feasibility and viability

of the new service concept. There were insufficient resources in terms of knowledge of internal stakeholders regarding, for example compliance and cost-structures. However, in relation to access to customers and external facilities, Projects One and Two benefited from the structural location of an external design studio, where the project team could access user research and the design infrastructure.

In the third project, there were limitations on access. Location inside the bank and the back-office made access to customers more difficult. It required additional organisational approval and collaboration from other departments (e.g., marketing research, front-line staff) during the process. Reflecting on the difficulties related to conducting customer research and accessing design resources such as large format printing, service designer, Ala, and senior manager, Fei, explained that they had to 'find a way around' the formal processes in order to get things done. In Project Three, the initial project objective to improve the customer experience, was adjusted to a lower priority because of the difficulty in accessing business and corporate customers directly and time pressures following the announcement of SL department redundancies.

To overcome the problems related to accessing resources, the SL department tried to locate the project team in the client's workspace. The SL department explained that this would allow the project team to access the client's team and expertise more directly. However, in reality, the Project Three team were in a separate location from the Payment department, due to space constraints there.

The challenges for service designers

As discussed above, the structural location of clients presents challenges related to buy-in by internal clients, building of intra-organisational partnerships and accessing the resources required for the NSD project. For service designers working on the projects, it is difficult to obtain this contextual understanding of the project from the briefing sessions. This leads to ignorance about project constraints from the

perspective of the client locations. In the planning and design workshops held during projects, this lack of understanding of project constraints does not allow the service designer to anticipate difficulties related to organising stakeholder inputs for project collaboration and, ultimately, it hampers the design of implementable solutions for the client.

5.3.2 The project objectives

2. Project Context	Project One	Project Two	Project Three
Project objective	catalyst	catalyst/skills & career development	simplification/career development

Figure 42. The project objectives of three projects

In all three projects, the objectives were not well articulated. The literature provides little guidance for service design practice to adapt to different project objectives. The service design output is, generally, implementation of a new service. However, this focus on service design output overlooks the project context and the different project objectives. For example, the objective might be independent of the implementation of a new service. Also, while project objectives tend to be communicated in the initial kick-off briefs and meetings, some objectives may be hidden or only expressed implicitly in the later stages of the project.

Project objectives also are multi-dimensional and depend on the different stakeholders involved. The SL department was the 'client' for the first two projects and the Payment department was the 'client' for the third project. In all three projects, the objectives were led by the client and refined throughout the project (see figure 42).

In addition, the objectives of each of the projects responses to the need for internal change. Rather than being driven directly by external changes, the projects were

responding primarily to the wider objectives of the business units. NSD projects can serve various needs for different business units. This hidden link between project objectives and business unit objectives may not be sufficiently well articulated for the service design practice. In other words, the outcome of service design practice in an NSD project may not match the wider objectives of the clients.

'The catalyst'

Project One began in parallel with an ongoing internal NSD. As described by the senior project sponsor, Sam, from the SL department, the primary goal of Project One was to showcase the power of a service design methodology to promote momentum for the next stage of incorporation. This was acknowledged implicitly by the RCA studio by indicating that a further phase of consultancy in the following year would be favourable in enhancing the studio's reputation and student training programme. However, this goal only became visible at the end of Project One, during the final stakeholder presentation.

The secondary goal of Project One was also related to being a 'catalyst'. It was to acquire service design capability to respond to the firm-level strategy of 'serving customer needs' and 'gaining customer trust'. The head of the SL department, Naren, referred to this in the April training session and in a closed-door meeting with the service designers from the SL department. He described it as an 'experiment' to equip the department with new capability to deliver a better customer experience.

Project Two was also a 'catalyst' to prepare the ground for change. In a meeting to request stakeholder workshops during Project Two, Sam responded that this would not be fruitful because the commercial lending department was not ready for customer-led service change that year. He said the goal was to prepare his teams in SL department for change in the commercial lending department the following year.

These two projects shared a similar objective in preparing the organisational context for customer-led service change, both showcasing the service design capabilities to

the internal client and preparing the teams in the SL department for potential projects.

'Simplification'

Project Three was described as a 'simplification' project by the Payment department. The word 'simplification' was used internally during the fieldwork. In several meetings, Bill described the project aim as to 'simplify' the existing services at the bank. The goal of simplifying the BACs service was to make it more cost efficient and offer a better customer experience.

Skills and career development

Among the three projects, these project objectives were often hidden in the formal project briefs. However, casual conversations with the client sponsors and managers, revealed that skills and career development were also important objectives of the project. For example, when asked, Fei explained that it was critical for individuals to think about their own careers in the bank, and especially their annual individual performance reviews (see appendix 5). To align the project objectives to the wider performance reviews was important, especially since the financial crisis and during the ongoing restructuring of the bank. In Project Three, skills and career development were important considerations for Bill. He explained that one of the project objectives was to ensure that the leadership's initiatives related to building capability for end-to-end 'sprints', not only delivered 'simplification' but also showcased personal skills and career development (see appendix 7).

A mix of objectives for each project

From the outside, the project objectives reflect the wider organisational strategic objectives. A review of the bank's annual report and internal documents on key firm-level objectives, revealed a clear set of transformation-related goals for the bank. The ongoing emphasis on cost cutting and efficiency was driven by external factors, ranging from the market share price and the return on government investment to

recover from the financial crisis, to the ongoing media pressure around customer trust and corporate image. These external factors were interpreted within the internal context of everyday operations. In all the projects, these concerns were stressed, in multiple situations, by clients and internal stakeholders, calculating the potential risks regarding those external factors. This constituted the wider organisational context of all three projects and their objectives.

At the departmental level, there were many difficulties in understanding the wider department objectives. In the first two projects, lack of visibility of the SL department and its history and place in the HJ bank, made it impossible to alert the service designers to consider the wider conditions and their effect on project objectives. In the case of the outputs of first two projects, in particular, there was a clear misalignment between project outputs and department objectives. In retrospect, to accelerate acquisition of service design capabilities by the SL department, the core objectives of the first two projects should have been skills development and establishment of an expert SL department team. In mid-2016, the wider department-level objectives began to be realised through a new recruitment and induction process. This revealed the structural location of the department, and news of the leadership change emerged, affecting the reporting line to the head of the SL department. In summer 2016, the objectives of SL department were disrupted by the redundancy announcement and the department's objectives changed from ongoing capability development to a smooth handover of its resources - including people - to other departments.

These wider and changing organisational conditions meant that within a single project, the objectives were plural and multi-dimensional. For example, Project Three was aimed not just at optimising the existing BACs service by 'simplification' but also at developing the capabilities for sprint methodologies. This complex nature of project objectives within the NSD also applied to Projects One and Two. Both the RCA studio and the SL department objectives of promoting collaboration reflect the plural and multi-dimensional nature of the project objectives. This was an aspect of the project context that required service design practice to focus not only on the service concept

and the material service specification, but also on how to change existing services.

These wider organisational objectives and their implicit connection to the projects are not addressed in the service design literature. Nor is the impact on practice is not discussed or explored in detail. Yet throughout the three projects, this affected the conduct of service design practice.

The misalignment of objectives

The misalignment between project objectives and the wider organisational objectives meant that the service design outputs did not meet the projects' complex objectives.

In Project One, the hidden objective of being a 'catalyst' for service design practice among internal stakeholders, meant that the design practice was focused on a service innovation for customers. The attention was on ideas and customers, rather than the organisation's internal objectives. Later, during the fieldwork in the SL department, SL staff members commented on the service design practice delivered by external agencies, saying that 'those reports just piled up on the shelf' (see appendix 5) rather than becoming implementable solutions to complex objectives.

In a meeting with staff members from the corporate division, the researcher presented the new concept developed in Project Two. It received the comment that 'we will give you an intra-preneurship form to fill up. We will review it along with other ideas from our employees in an internal competition'(see appendix 5). On another occasion when the SL department team showcased a digital service concept for lending, the response was that this could be put to one side for the moment. After a few months the project was cancelled due to a change in objectives following a regulatory change.

Reflecting on Projects One and Two, the new 'ideas' of the mortgage service and the SME lending service were seen as aspirational, but were put on the shelf and not implemented. The outputs of the first two projects failed to connect to other objectives, such as cost cutting and career development, which had not been revealed to the

service designers.

The challenges for the service designers

The service designers faced two challenges related to the project objectives. First, project objectives were often not described explicitly or were hidden in the initial briefing. This required the service designers to research the project objectives to understand and map the possible mix of project goals. Second, there could be a misalignment between objectives and outputs in NSD projects. This makes it difficult for the service designers to develop design outputs aligned to project outputs and which satisfy project

5.3.3 The scope of the projects

2. Project Context	Project One	Project Two	Project Three
Project scope	End-to-end diagnosis/new market segment, new product line, new brand	End-to-end diagnosis/existing customer segment/new touchpoints	End-to-end diagnosis/efficiency improvement on internal process

Figure 43. The project scope of three projects

In the innovation management literature reviewed in Chapter Two, the scope of service innovation in corporates is described as comprising a mix of organisational changes, ranging from service processes and technical advancements, to business models (Tether, 2013; Salter and Tether, 2013; Droege, Hildebrand and Heras Forcada, 2009). This scope of service innovation was observed in the three projects.

Rather than being clearly defined at the start of the projects, the scope of the service changes emerged gradually throughout the process, based on understanding the limitations of the project. These limitations were often manifested as resources limits in terms of time or budget, and constraints on intra-organisational collaboration. As explained earlier, the external position of the service designers resulted in low

awareness of the organisation's internal limitations and capabilities. It hindered calculation of what changes might be possible for the organisation.

In Project Three, service change scope falls into several categories. First, in relation to the business functions, in the ideation workshops, it was stated clearly that all ideas would be welcome, although digital solutions were neither encouraged nor evaluated more highly. It was explained that the Digital department would not be able to prioritise any changes to the existing digital services. In Project Three, the calculation of change scope by the business functions resulted in a small intervention in the Payment department. The second category is time-scale. Project Three was aimed at 'simplification', which required an agile and sprint method to achieve change. 'Quick-wins' were prioritised, and it was clear that a quick result was essential to inform the annual evaluation of individuals and departments. The third category was change in stages. After Projects One and Two, conversations with senior members of the SL department indicated that the change scope of these two projects was the forerunner of a potentially bigger change programme. Rather than looking at the implementation of change, the intention was to provide information and thereby become a part of that potential major change plan.

In addition, the three project processes included two distinct scoping stages during the field study. The first was the scoping of diagnosis and the second stage was the scoping of intervention (see figure 43).

First stage scoping: the 'end-to-end' diagnosis

The scope of the three projects was broad and ambitious. While superficially, all three were aimed at developing a service, they all included an extensive end-to-end scoping statement that inevitably affected other aspects and services within the business. This meant the inclusion in the project scope of the full customer journey from pre-stage engagement with the customer to the post-stage of service delivery. In Project One, the end-to-end review included a life-stage timeline of millennials to examine

the timing of housing purchases and key financing options. In Project Two, the 'end-to-end' review also included this 'life-stage' family timeline to understand potential needs and opportunities for the bank to intervene. These two 'end-to-end' diagnoses were user driven with no separation by business function.

In Project Three, the scope was similar, with no 'end-to-end' diagnosis request. It required review of the full spectrum of the BACs payment service, which involved 12 different work streams, ranging from recruitment of customers to complaints related to after-sales service. What differed was that Project Three was described within the details of the internal work streams. The end-to-end scope was explicit and covered the full internal operation across departments and business units.

Second stage scoping: a calculated scope of intervention

Despite the 'end-to-end' approach to diagnosis in all the projects, the interventions or changes to the existing services were limited in scope. The first project developed a complete stand-alone new service with no consideration given to how the existing organisation and internal business units could deliver it. The new service concept in Project One required the bank to target a new customer segment, provide new financial products and link together two different business operations, namely pensions and mortgages, under a new sub-brand. This intervention was questioned by the senior mortgage stakeholder in relation to its operationalisation within the existing structure. Project Two adjusted the scope of the intervention by aligning to the interests of the internal stakeholders in the SL department. Rather than targeting a new customer segment or creating a new financial product, the intervention focused on the existing customer segment, but developed new touch-points in the existing service to attract customers. The intervention focused on a new digital platform that allowed family business customers to make better planned and informed decisions about commercial borrowing. In Project Three, the scope of intervention was also carefully considered by the project team. The three main concerns limiting the scope of the intervention were: the time line of immediate project outcomes; avoiding delays

and the conflicted development priorities from other departments, such as the digital department; and the current resources within the team.

Viability and feasibility issues related to scoping

By focusing on customers, current service design practice leaves viability and feasibility issues to later, in the implementation stage. In the service design literature, the research phase focuses largely on external factors (e.g., market competition, tech opportunities, trends, and customer research). Projects One and Two followed this framework and developed new service concepts that were customer led. This ignored the concerns of internal stakeholders about 'how to operationalise the concept', ranging from issues of cost to compliance. In the final presentation to the senior stakeholders, the recommendation from the project teams was to initiate pilots to test and further adapt the concept to test viability and feasibility. One of the SL project presentations adopted a similar approach, but it was realised that, to pilot a concept, required a major commitment from the organisation to further investment. In the cost-cutting climate, this was unrealistic for the bank.

In contrast, a sprint methodology was popular in the bank, to tackle viability and feasibility issues. Rather than waiting for further investment in the concept, Project Three tried to research viability and feasibility much earlier, in the first scoping stage of the project process. Rather than being led only by the customer, the research phase included a cost analysis of the end-to-end process and research into risk and compliance. Reflecting on the three projects, this approach involving researching viability and feasibility much earlier in the diagnosis phase, was more effective than a solely customer-led view, for defining which intervention might be more realistic.

The challenges for the service designers

From the perspective of the service change scope in projects, the challenge for the service designers was formulating a problem statement and an opportunity statement related to current practice. In current service design methodologies, the

problem and opportunity statements are scoping methods and outputs of the project process. They define what intervention would be most appropriate, based on the diagnosis in the research phase. In Projects One and Two, the formulation of the problem and opportunity statements was based mostly on customer insights. After developing the statements, different versions or options were presented to the client. In Project Three, formulation of the problem and opportunity statements was driven by the internal stakeholder and based on internal priorities. These priorities focused on internal measurement of service performance, which did not include additional external perspectives from customers.

However, these two service design outputs were crucial to the development process of all three projects. These outputs facilitated agreement between the team and the stakeholders on the overall objectives and the scope and nature of the change management process.

5.3.4 The project methodologies

2. Project Context	Project One	Project Two	Project Three
Project methodology	Service Design process	Service Design process	A hybrid NSD methodology

Figure 44. The project methodology of three projects

In this section, the discussion focuses on another aspect of the service design practice project - the project methodologies (see figure 44). As described in Chapter Four, different methodologies were applied to frame the development process. The service design methodology, including the 'Double Diamond' process (e.g., co-creation, user research, etc.), was deployed in Projects One and Two. Project Three employed the sprint methodology to frame the project process and included a mix of service design, agile and lean six sigma methods.

In the current service design literature, discussion of NSD methodologies focuses mostly on a unified framework. Service design researchers, such as Daniela Sangiorgi and Eun Yu (Yu, 2018; Yu and Sangiorgi, 2014), and organisations such as the design councils (Design Council UK Technology Strategy Board UK, 2011; Design Council UK, 2018b), have proposed a four-stage framework, from problem discovery to implementation of a solution. However, the fieldwork revealed the need for a more flexible approach rather than a single dominant and well-defined framework for how a new service should be developed. For a complex organisation such as the HJ bank, the NSD methodologies discovered in the field were more of a hybrid of different disciplines and influences, depending on the location and context of the project.

The development processes

Each of the three projects covered a 12-week period. This period is usually split between research and delivery. The research phase in the first two projects included discovery and definition. In Project Three, the process was separated into the sprint of weekly development and stakeholder reviews and also included a two-phase structure for the whole process. The first phase was called ‘the diagnosis’ phase, which defined the ‘current state’ of the service. The second phase was development of the new solution. This two-phase process was common to all three projects. However, in Project Three, delivery focused on implementation of the design while in the first two projects the focus was on communicating the new service concepts.

A hybrid NSD methodology

Unlike the service design methodology applied in Projects One and Two, in Project Three, the methodology was ‘simplification’, which was a combination of sprint, lean and service design. The sprint methodology was aimed at allowing agile decision making. The workshop methods were based on co-creation of the service design methods. However, the diagnosis was driven by internal cost-efficiency and compliance measurement rather than being customer-centred. The SL department

project methodologies had developed over the years in response to different organisational needs (see figure 45).

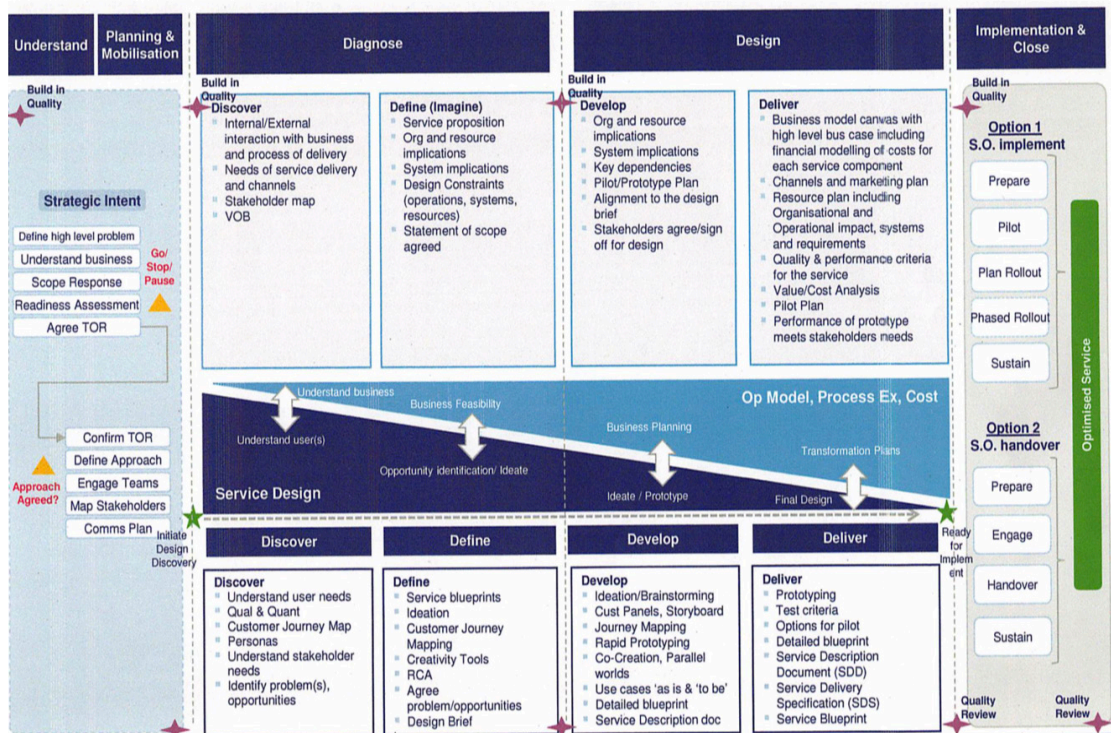


Figure 45. The NSD methodology at the SL department

The methodological position of service design practice

In all three projects, understanding the methodological context of the project was essential. The SL department had used several different methodologies. In the early stage of incorporating service design capabilities, an important question was how service designers, their methods and skills would fit into the existing methodological framework. In a document that had been revised in mid-2016, service design practice was described as responding to customer-led research and design work, to generate the ‘future-state’ of the ideal service. In parallel, internal diagnosis in the SL department was aimed at identifying internal cost, efficiency and compliance issues by applying a lean and operations model methodology. To define ‘readiness’ from a

methodological perspective, the service design practice in the SL department gave the service designers 'permission' to work on customer-led development activities, which helped to formulate the role of service designer in the project team.

The literature on 'service design readiness' does not consider the messy reality of the diverse methodological positioning of service design practice. For individuals trained in and exposed to design thinking and customer-led research, service design practice might seem similar to customer experience design. Some authors understand service design in terms of its tools. For them, service design practice equates to the customer journey and customer persona. For others, service design practice is similar to design thinking, understood as a way of thinking about customer centricity. This is referred to in work on the relationship between innovation management and service design practice in design-driven innovation (e.g. Verganti, 2013) and design thinking (Brown, 2008, 2009; Cooper, Junginger and Lockwood, 2009) literature. In Projects One and Two, this methodological positioning of service design practice was used to drive the development process.

However, this theoretical framework of design driving innovation was more difficult in Project Three, where no customer research was possible during the NSD process. In fact, the role of service designer was not a managerial position in the project team and could hardly be described as driving the innovation. Rather than leading, service design practice in Project Three facilitated team and intra-organisational collaboration during development. It was applied to fill the gaps in other methodological frameworks (i.e., sprint, agile and lean), based on its visualisation and co-creation abilities. It responded simultaneously to the emerging needs and tasks in Project Three.

The challenges for the service designers

From a methodological perspective, the challenge for the service designers, in Project Three, in particular, was to understand the methodological landscape of the project. This required service designers not only to assess the 'service design readiness' of

the project methodologies but also to comprehend the differences and connections among the methodological frameworks in place. It could be argued, on the basis of Project Three, that within the constraints of non-customer-led development, service designers were able to move away from customer-experience-related roles and adapt to roles allowing internal team and intra-organisational collaboration, and focus on visualisation and co-creation. In summary, finding a place for a service design methodology in an NSD project can be difficult for service designers used to working within a mixed-methodological project context.

5.3.5 Summary of the new knowledge on the project context

In terms of transferable knowledge, this part of the study highlights four challenges for service design practice at project level: client location, objective, scope and methodology.

a. Project client location and its challenge for service design

Firstly, in terms of the structural location of the client, this study involves two types of client location: internal management consultancy (business division) and Payment department (product division). It argues that the different business units will have different impacts, as project clients, on service design practice. Projects One and Two highlight the client's position as the internal consultancy for the HJ bank. Project Three highlights the service designer as the internal consultant for another product division. However, in terms of transferable knowledge for service design practice in system firms, the client location is one of the key challenges in understanding the internal client's buy-in to change and also in accessing resources for project development. It shows that the project constraints associated with client location, can make it difficult for the service designer to understand the limitations to intra-organisational collaboration and co-creation workshops, and the design and development of a solution that can be implemented by the client.

b. Project objectives and their challenges for service design

Secondly, in terms of project objectives, this study contributes to a better understanding of project objectives that are diverse and conflicting in system firms. In terms of transferable knowledge, it argues that in system firms service designers could find themselves working in NSD projects with multiple objectives that are disorganised and not well aligned to the initial briefing. In the case of the HJ bank, these project objectives were manifested in the desire in SL department of building new project opportunities through embedding service design, while in payment department the agenda was delivering cost cutting and compliance, and pursuing individual career objectives through securing jobs and leadership recognition. As transferable knowledge in the field of service design, it is important to recognise that there may be complex landscape of objectives during a project and service design practice must align outputs accordingly if it is to meet these project objectives.

c. Project scope and its challenges for service design

Thirdly, in terms of project scope in system firms, the discussion provides new insights on how service design practice is linked to NSD project scope. It describes two types of project scoping: diagnosis scope and intervention scope. All three projects in HJ bank share similarities when conducting the end-to-end diagnostic scoping on services using different lenses (e.g. customer experience, cost analysis, risk and compliance). However, in the intervention scoping all three have different scopes of changes for the target services, such as new brand, new touch-points, new internal process, new customer segment, or new products.

In terms of transferable knowledge, this section argues that project scope can cause difficulties for service design practice in system firms in terms of the feasibility and viability of projects. It challenges service design practice to define its problem and opportunity statements in the diagnosis scoping, and to prioritise calculated intervention in its design.

d. Project methodologies and their challenges for service design

Lastly, NSD project methodologies were discussed in relation to the current service design and design management literature. This study adds to the literature on organisational design legacy in which the methodological context of the project in system firms might be hybrid and not entirely driven by the service design. In the case of the HJ bank, this means that service design is integrated into the development framework adopted by SL department on the basis of its capabilities in lean, six sigma and agile. In terms of the methodological challenges facing service design projects in system firms, this research extends the literature by highlighting the problem of finding a fit between service design practice and the methodologies in place, and adapting to non-customer-experience-related roles to support project collaboration based on visualisation and co-creation abilities.

In summary, this section adds to our understanding of the project context in relation to service design practice, from the perspective of the client's structural location, project objectives, scope and methodology. It highlights how it may be difficult for service designers to obtain this contextual information during briefing sessions, to research these contexts and to design under these project constraints.

5.4 The team context

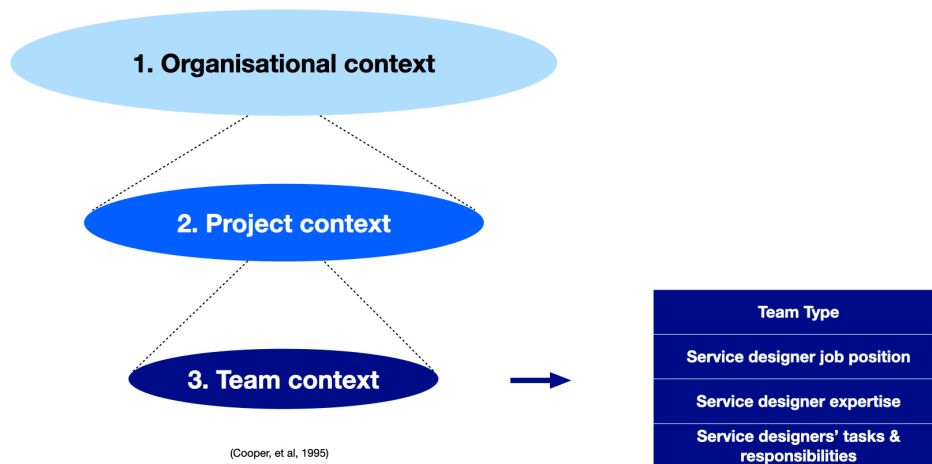


Figure 46. Framework overview of team context

This section discusses four contextual elements at the team level where service design practice takes place in system firms and examines the challenges posed (see figure 46).

First, it discusses the team types in the three projects at the HJ bank where service designers were based. The discussion highlights that in all three instances, the service designers were members of an ad-hoc project team, joined by people from different disciplinary backgrounds without knowing each other prior to the project. This ad-hoc team for service innovation is consistent with the service innovation literature (Salter and Tether, 2013) and contributes to the research on types of project team where service designers work at system firms (Sun and Runcie, 2016). In addition to the discussion of ad-hoc teams, this section also summarises the associated challenges posed to service design practice: to access and understand the diversity in the ad-hoc team; to align and overcome conflicts in the ad-hoc team; and to facilitate ad-hoc team collaboration in the projects. In terms of transferable knowledge, this contributes to the service design literature and its discussion on the challenges of working in system firms.

Second, it examines the role of service designers within the ad-hoc team in system firms from three perspectives: the job position, expertise, and tasks and responsibilities of the service designers. This section compares those three elements each of the projects at HJ bank and explains the challenges this study discovered.

5.4.1 The ad-hoc project team

3. Team Context	Project One	Project Two	Project Three
Team	Ad-hoc team (service designers)	Ad-hoc team (service designers)	Ad-hoc team (SD, lean & agile specialist, Payment staff)

Figure 47. The team type of three projects

As seen in Chapter 2, the current service design literature says little about the team environment of service designers and their practice.

The three projects in this study were all undertaken by newly formed teams, to respond to the client's project request (see figure 47). This team type is described as ad-hoc in the service innovation literature (Salter and Tether, 2013). Chapter Two discussed the use of ad-hoc project teams to deliver innovation as a systems firm approach in the service sector.

In all three projects, ad-hoc teams included external and internal consultancy units. Both the RCA studio and the SL department at HJ bank were positioned as consultancy units for the development of services. For HJ bank, the RCA studio was an external consultancy, and the SL department was the internal consultancy.

At the RCA studio, the formation of the ad-hoc teams was led mainly by the individual interests of the students and consultation and advice regarding their academic and experiential pathways from the head of the RCA studio. At the beginning of each term, the service designers were introduced to the project briefs by the head of the

studio. The service designers emailed or spoke to tutors to decide on a project brief. If more than five service designers selected one project brief, the head of the studio would ask some of them to join another team or form a separate project team. In Project Two, ten service designers chose the same brief and were asked to split into two teams. In this case, the ad-hoc team formation was individual and voluntary.

In the SL department at HJ Bank, the composition of the ad-hoc team was often determined by location and the expertise required for the project. The method and practice unit in the SL department developed a matrix of individual skillsets and working styles based on the Gallup Strength Survey. This assessment was done as part of each individual's training. The idea behind the assessment, as explained by Sarah, the 'academic' team 'development consultant', is to understand one another's strengths to allow more effective team working. These strengths, she explained, dictate individual working styles. According to Fei (see appendix 5), team member selection also took account of project characteristics. He said that one of the team members, Sam, would look after more customer-related new service development projects because of his experience in customer-led diagnosis. Another characteristic of each project was its physical location. To reduce travel costs, project location was a consideration for team member selection. Since the SL department had three large cohorts in three areas, project team formation was based on avoiding unnecessary travel.

A hidden diversity

Team formation occurred at the start of the project, and at the outset most team members were strangers to one another, and therefore unaware of individual personal goals, working styles, experience and personal commitment.

This information was hidden, in part, because it was not linked to service designer practice and its requirements. As a result, project team members were appointed without any discussion of their capacity to perform the service design role or the

attributes and skills required. Assessment of individual goals, working styles and personal commitment were not required by the project leader or included in the project brief; they were also not evident in the final project assessment. It was assumed that the focus of service design practice was simply the targeted service rather than development of the project team. In Projects One and Two, there were no events that allowed investigation of individual' attributes. Nor was it seen by the service designers as an essential part of design practice.

There was also some assumption of similarity among team members. The project teams were composed of service designers working in the studio. It was expected that the team members would share service design practices. However, the diversity of personal goals and reasons for working on the project, and the nature of their motivation, was a source of conflict that disrupted team collaboration.

In the team working on Project Three, there were clear differences between the team members from the internal 'client side' and the 'consultancy side' that was executing the design and development work. It was evident in Project Three that team members from different departments did not understand how each other worked in terms of their specialist skillsets. One aspect of team formation included formal team-building sessions for members from different parts of the bank. For example, the project manager, Bill, asked team members to post their CVs on the project wall and to introduce themselves (see appendix 7). Fei, the lead consultant from the SL department hosted an informal dinner to allow the project team to 'get to know each other better'. These sessions highlighted some of the differences among individuals.

Conflicting project, personal and career goals

Some individual goals were noted by the researcher during Project Three. Since the SL department was part of a company-wide redundancy programme, conflicts between individual goals and project goals surfaced and affected project development. After the redundancy was announced, project team member Tet (a consultant from the SL

department), began to worry about having time to look for a new job. He asked the service designers in the team not to take on more tasks and to leave any remaining ones to the Payment department team members. Another team member, Tom (a consultant from SL department) who had originally supported the agile development process, left the team completely to work on his personal job plan.

These are a few extreme examples in Project Three of clear and observable conflicts between individual goals and project goals.

Many misalignments were less visible and extreme, although they did have consequences. For example, in Project Three, Fei was trying to accommodate different personal goals at the start of the project. In the initial meeting, he discussed informal training sessions on service design practice for other team members from SL department. He explained that it was important to highlight how individual career paths could be enhanced by working on the project. Wuk, the service designer in the project team, was keen to improve her skills and learn how to implement new service concepts in the bank. It seems that personal development goals were common throughout the project, but were generally hidden from the project team.

The diversity of personal goals went beyond personal skills training and included recognition from the leadership in HJ Bank. During Project Three, there was an ongoing leadership campaign across HJ bank, which included management 'away-day' training, new intranet newsletters and website content, and other physical campaign branding posters across HJ bank offices. It was clear to the project team that gaining leadership recognition was an important goal for the project manager, Bill. In every team decision, he was keen to ensure that his line manager was satisfied with his project leader performance and tried to tailor outputs to the pursuit of personal recognition.

Personal goals can exceed work-related goals. They may be linked to holiday plans, travel and aspects of family life. In Project One, team member, Peter (one of the service

designers from RCA Studio) was trying to accommodate his travel plans within the project. From conversations and observations, it was clear that Peter considered world travel an important personal goal alongside his career. His objective was to visit every country in the world. William, a member of Project Two, had booked a flight for a Christmas holiday, which required him to miss the important final project presentation. In Project Three, Bill had to change the project plan to accommodate the summer holiday plans of several individual team members. This created the need for handovers and re-arrangement of collaborative tasks.

Ad-hoc team collaboration

The review of service design literature in Chapter Two and the subsequent discussion of the project team environment, highlight the lack of a common vocabulary (Bailey, 2012), and conflicts related to the organisation of design practice (Junginger, 2014, 2015) as a barrier to service design practice in big companies.

However, the literature does not contextualise these barriers to service design practice in a project team environment.

In all three projects, the ad-hoc team collaboration raised collaboration issues beyond the vocabulary and the NSD methodologies. There was less commonality in how teams should collaborate and interact. Style seemed to be the most appropriate word to describe how individuals enquire into, analyse, document and present information during the project development process. Style captures how each person prefers to work – both individually and/or collaboratively; it refers to a pattern or habit presented as a natural and preferred way of working, the way each individual interacts with information and with others in the team environment. Style might be based on past experience, professional training or the team environment.

Interaction with the information

Each individual in all three project teams had a preferred way of enquiring, gathering,

processing, documenting and presenting information during the development process. At the start of the project, there was no unified way of working among the team members.

Documentation: at the beginning of Projects One and Two, it was realised by the service designers in the team that they needed to agree a 'common' practice for how information would be documented and communicated. Google drive was selected as the digital portal to store information and all the team members agreed to access, use and share information on this platform. However, team members were able to continue with their own ways of documentation during the project. Some preferred a more analogue paper-based approach of a diary and notebook. In Project Three, digital documentation and a digital repository were insufficient for some aspects of the project and the team members agreed to use a physical white wall as an information board to store and share key information. The service designers took responsibility for managing the documentation process and attaching print outs and drawings/ diagrams to the wall.

Information Processing: the team members in all three projects chose different approaches to information processing. In Projects One and Two, information processing relied mostly on core service design methods. For example, the customer journey map was used to analyse the experience of the touchpoints and the relevance of needs and the existing offers. In the mortgage project, the customer journey allowed the team to recognise the strong relevance of the customer's life stage and housing needs. It helped the team to generate different personas and opportunities for design interventions to meet the target users' financial and personal needs in various life stages. In Project Two, the customer journey map was used to process and analyse users' needs for the lending products. It helped the team to generate insights into how lending products potentially can satisfy users in relation to the life stages of SMEs. Other service design methods, such as a persona, affinity mapping, stakeholder mapping, service blueprints and problem statements, were used in Projects One and Two to analyse the information during the development process.

In Project Three, information processing included methods from other disciplines. Excel was used to analyse the cost efficiency of the targeted service. Financial analysis of the end-to-end cost and revenue structure was used to process information on the existing service. 'Blueworks', was used to map internal operational processes and to analyse operational process flow.

Searching and enquiry: search varied dramatically between the first two projects and the third project. Enquiry took two different directions. In Projects One and Two, the service designers were keen to enquire into the external conditions for the targeted service. It was enquiry driven by user needs, market trends and technological opportunities. The external conditions for the targeted service formed the basis of the problem statement related to the objectives and the development of a new solution. In Project Three, enquiry was driven by internal needs and specific business pressures. There was an organisation-level need to simplify internal processes so as to optimise cost efficiency for an existing service. There was an individual-level need to gain recognition, develop career skills and achieve promotion. There were many latent needs among the departments and teams involved in the existing service which, at the start of the project, were not expressed.

Iterative 'prototyping': the search for, processing of and documenting of information were intertwined and iterative. It was difficult for the service designers to separate these activities, as there was no clear boundary between these three activities. For example, the customer journey was a means of documenting, but was also a tool for guiding information search and processing during the design process. For the service designers involved in these projects, the notion of an iterative loop was acknowledged and used to refine and improve the initial analysis of the current state and to develop new propositions and document them. For these actors, this was the nature of design practice. However, this iterative style was new to some team members in Project Three. Bill commented that it was very refreshing to work iteratively to achieve continuous improvement. For many team members, this notion of prototyping and iteration was contrary to the idea of a good result. To achieve a good outcome, it was

more difficult to accept a prototype than a final successful version.

Interaction among the team members and internal stakeholders

Among project team members, interaction styles varied. Personality types, work culture, relationships and resulting aggregate team behaviour varied greatly between projects as well as among the internal 'client' teams and the development teams that included RCA and HJ Bank resources.

Communication: in the studio, team communication was often face-to-face in the project space. Digital communication within teams was via emails and a Facebook group in Projects One and Two. These digital communication channels allowed team members to share formal messages by email and informal quick messages via the Facebook group. In Project Three, team communication took place in the dedicated project area, but there were no laptops available to team members in that area. Team members had to hot-desk in an area with the desk-top stations. According to service designer Wuk, hot-desking made team communication difficult because effort was involved in leaving the work station to talk. Compared to the studio space, this project space had fewer digital solutions. The work email was used to send files smaller than 5Mb. There was no access to external video reference sources, such as YouTube or other collaborative tools. This made team communication different from in the studio environment, where many more communication tools were available.

Technical terminology was used frequently in team communication. At HJ Bank, it was common to use abbreviations and acronyms in both verbal and written communications. It was difficult for the service designers in the ad-hoc teams to understand these terms. This problem also applied to the terminology used by the service designers to describe service design practice, such as design thinking and customer experience design. It seems the terminology was effective only within a small community (e.g., a department or a discipline). Conveying more complex information required finding a common language which was not easy.

Collaboration: apart from issues related to individual goals and styles, team collaboration in Projects One and Two was relatively simple compared to Project Three. Project Three involved greater diversity and consideration of more complex aspects of new service development. These aspects were driven not only by the external focus on customers but also by complex internal, organisational needs such as cost efficiency, regulation and compliance, and process efficiency (e.g., lead time). These were considered multi-aspect 'scopes' and were used to diagnose the current state of the existing service and determine project targets. Lack of awareness of often hidden underlying issues, would hinder subsequent development. Collaboration in Project Three required expertise in each different aspect combined with knowledge about key metrics and their measurement. Achieving this combination of knowledge in the team was not easy. Another team collaboration problem, therefore, was the sourcing of specific expertise and obtaining the active support from and involvement of different business divisions and units that would be affected by the service innovation. Project Three involved 12 work streams of internal processes in the BACs payment service. These 12 work streams including onboarding of customers, complaints and help services for both individuals and organisational clients. To deliver the BACs payment service required multiple business functions to work together and included digital services, branches, front offices, back offices, personal banking and the business banking divisions. Because Project Three included 'end-to-end' diagnosis and development of the BACs service, this required examination and consideration of multiple internal needs across all the business functions providing BACs payment services.

Satisfying these multiple considerations and conducting end-to-end examination of the BACs payment service, required expertise beyond that of the project team. Team members were assigned 'ownership' of individual work streams and were responsible for collecting and analysing relevant information on all aspects. They were asked to contact the relevant business divisions and units for information. However, this was a slow and difficult process. Many of the divisions and units concerned were distributed across the UK, so face to face meetings were not possible and the recipients of

requests for information regarded them as additional tasks outside their everyday responsibilities. Bill believed that it would be better to request all the information in one hit to reduce the disruption to individuals and teams in other business divisions. By demonstrating the support for the project from HJ Bank’s Chief Operating Officer (COO), Bill hoped to obtain the cooperation of the heads of teams and divisions in responding to the requests for expertise and information. Fei said that, despite this, it was always difficult to achieve cross-unit collaboration in the bank because ‘people do not want to over-expose themselves’ to job or relationship risks. During Project Three, the first planned face-to-face diagnosis workshop ultimately became a phone conference because of the lack of commitment and priority amongst participants in other business divisions. Most of the workshop participants said they were unable to attend a face-to-face meeting because of other commitments, which prevented them from travelling.

The multi-aspect nature of scope and ‘end-to-end’ review of project complexity demonstrate the need for collaboration among team members and across business units. However, the conditions of the project - the time constraints, the limiting commitments and priorities and the physical distances involved made collaboration difficult to achieve.

The challenges for the service designers

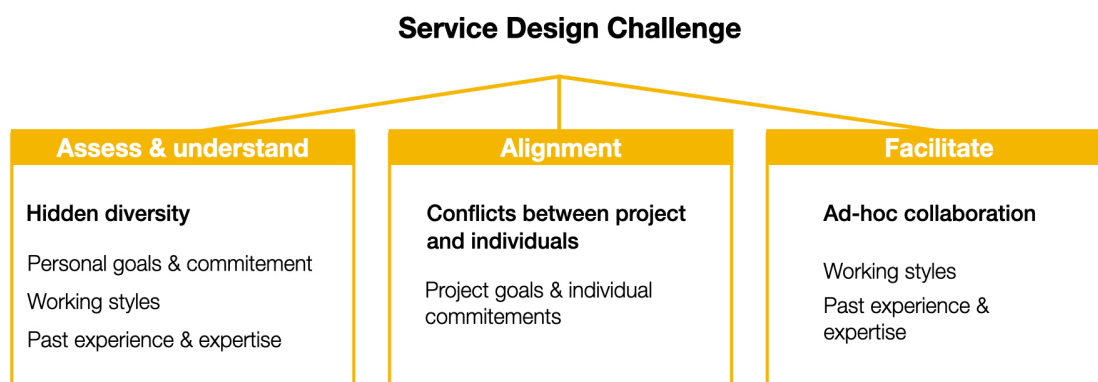


Figure 48. The service design challenges from the contexts of team type

The team contexts of the three projects highlight problems related to ad-hoc teams in NSD projects (see figure 48). There can be potentially conflicting personal goals and commitment among individuals and projects, different working styles, limited experience of collaboration, and contextual environments not conducive to cooperation. To an extent, a dysfunctional project team directly challenges the service designers whose practice relies on team efforts and collaboration, and certainly one team member encountered such challenges.

5.4.2 The role of service designers

3. Team Context	Project One	Project Two	Project Three
Team	Ad-hoc team (service designers)	Ad-hoc team (service designers)	Ad-hoc team (SD, lean & agile specialist, Payment staff)
Service designer job position	external consultant/junior/existing role	external consultant/junior/existing role	internal consultant/junior/new role
Service designer expertise	Customer experience	Customer experience	Inter-organisational & team collaboration
Service designers' tasks & responsibilities	Customer researcher, designing & running project events, service specification production	Customer researcher, planning, designing & running project events, service specification production	Designing and facilitating project events, team collaboration facilitation, service specification production

Figure 49. The role of service designers in three projects

A number of important considerations for service design practice emerged from the field studies. First, we discuss the role of the service designers in the project team and address questions about the multiple roles they play in NSD projects (see figure 49). Second, we examine the limitations on and requirements for these service designer roles.

As seen in Chapter 2, the current service design literature says little about these questions. Daniela Sangiorgi and her colleague investigate the 'transformative roles'

of the service designer in NSD (Yu and Sangiorgi, 2017a, 2014). They highlight three relationships between client and designers and three roles that the service designer should fulfil. These are experts in user-centred research and design, partners for collaborative user-centred design, and coaches to provide design knowledge and skills (Yu and Sangiorgi, 2017a, 2014). Qian Sun and her colleague at the Royal College of Art discuss the diverse roles of service designers in organisations and highlight their various tasks (Sun and Runcie, 2016). They suggest that there is a project management and leadership role; a planning, workshop organisation and service design delivery role using personas and customer journeys; and a digital outputs delivery role involving use of the web and interface design.

These early insights into the service designer's role in the NSD process are general and are derived from interviews with service designers. They do not take account of potential differences between sectoral and organisational types. Nor do they take into account the seniority of the service designers involved. In the literature, generalisations about service designers make it difficult to define what a service designer is and does, and the differences between specific roles depending on the organisational and institutional context.

Sabine Junginger (Junginger and Sangiorgi, 2009; Junginger, 2008) and Ezio Manzini (Manzini and Coad, 2015; Manzini, 2014) focus on the role of designers in organisational and social change. These authors argue that, to innovate, designers need to enquire into change (Junginger, 2008), mediate between different interests (Manzini, 2014), facilitate (Manzini, 2014) and trigger new social conversations as design activists (Manzini, 2014). These insights are drawn from outside the service design literature and highlight that the designer might act as a change agent.

Rather than seeing service design practice as a homogeneous role (Sun and Runcie, 2016), in this section the role of the service designer in the three projects that form this thesis is examined in terms of the team, the expertise provided to the team, and the tasks and responsibilities involved.

A consultancy position: the external and internal consultant

During the fieldwork for this doctoral research, service designers from the RCA studio and the SL department of HJ bank acted as consultants commissioned by a client. This consultancy role was defined by the business function of the departments in which the service designers were placed. The designers in both the RCA studio and the SL department provided a consultancy service to their clients. The SL department was set up originally as an internal management consultancy for the HJ bank to achieve service process transformations. In Project Three, it was asked by the leadership from the Payment department to join the project to support the NSD process. The RCA studio is a recognised design consultancy that supports the efforts of various organisations to transform their services and customer experience. In Projects One and Two, the RCA studio was commissioned by the SL department in HJ bank to deliver new service concepts and help them to incorporate service design capability in their department. The service designers working on these three projects were commissioned by clients outside their department to provide consultancy expertise for the individual projects. Thus, the service designers from both the RCA studio and the SL department acted as consultants and responded to the projects commissioned by the clients. When the projects ended, the service designers would leave the projects and begin working on new client projects. In contrast to being hired to perform a specific task along a factory line, this consultant role required the service designers to work for a diverse set of clients and their projects.

The positioning between the client and the service designers

In the consultancy position, the relationship between client and service designers varies.

In the RCA service design studio, clients participated in the new service development activity, but only to a limited extent. They were not a part of the project team, but acted as sponsor, combined with reviewer and provider of information specific to the sector

and the end-user's clients and internal stakeholder needs. They only participated in certain events during the design process: briefing, interviews, workshops and the final presentation.

In the SL department, the consultants, namely design and delivery agents, were assigned to a project team at the client's location. The client was part of this team together with the agent from the SL department.

The hierarchical position of service designer: a junior role

In the RCA service design studio, there were several service designers - in leadership, senior and junior roles. Unlike tutors and invited guests from the design sector, the service designers who were recruited by the RCA service design studio were mostly still being trained in service design. In their first year in the studio, in particular, they were required to attend training lectures and workshops alongside project activities, to learn and practice their skills in the delivery of core service design outputs. The tutors, who included the head of the studio, were responsible for training these service designers and making final decisions and assessments of their practice.

In Projects One and Two, the service designers were in a junior position in the project teams. They were in the same year of their training and had joined the service design studio in the same year. In terms of their position in the studio hierarchy, they were considered as junior service designers.

At the end of the fieldwork, the professional service designers recruited by the SL department were still at the bottom of the hierarchy within the SL department. None had achieved a manager or senior manager role, although one service designer, who had joined the SL department in 2015, was appointed as a lead design and delivery agent, a slightly higher grade though still junior to the position occupied by the project manager. All the design and delivery agents, including the lead agent, reported to and were guided by the design and delivery manager who was mainly responsible for delivering the project.

In the wider organisational structure of HJ bank, the hierarchical position of service designer was linked to the hierarchical power of the SL department relative to other bank divisions and teams. The bank's organisational chart shows the governance relationship between the SL department and the other divisions. However, during the project, it was difficult to assess how much this hierarchical relationship affected the service designers in the project team.

The limitations imposed by junior status in the NSD projects were often evident to the service designers in the project team. In Project One, the service designers were unable to make decisions about or negotiate the dates of the workshops, because responsibility for their planning belonged to the project manager in combination with the external parties (e.g., client liaison, research recruitment agency). The date of the final presentation to the client was changed twice at the request of the client. The situation was similar in Project Two where the service designers had limited power to decide on the timing of project events and major milestones. The limitations imposed by the junior position of the service designers were also manifested in determining which stakeholders from the client would participate in the development process. In Projects One and Two, the client-side stakeholders were decided by the project liaison. This decision-making about stakeholder participants was invisible to the junior service designers in the project team. In Project Three, the role of the service designers was similarly restricted in decisions about stakeholder participants and stakeholder events. Decisions were made by the project manager, Bill, from the Payment department. Unlike Projects One and Two, the service designers in Project Three were not involved in the decision-making about customer research activities. They were told by the project manager, Bill, and their line manager, Fei, that there was no support for customer research in the project, which contrasted with Projects One and Two where decision-making about customer research and related activities was the responsibility of the service designers.

A pre-existing role vs a non-existent role

Projects One and Two took place at the RCA service design studio where the concept of service designer was accepted by team members. As in other design studios, at the RCA, it was understood that each designer would receive specialised academic knowledge and professional training in a specific design discipline, based on theory, professional practice and project assignments. Within the service design studio, there was a common understanding that all of the students and team members involved in a project on behalf of a project sponsor, such as HJ bank, would learn and practice in a service designer role.

However, understanding of the role of service designer differed in HJ bank, where the role and responsibilities were ill defined. There was no formal job title of service designer at the time of the doctoral fieldwork. The service designer recruited by the SL department was given the job title of 'Design and Delivery Agent', and the responsibilities were shared among other staff members who were part of the NSD project.

Apart from the lack of a formal job title, among most of HJ bank staff, there was not a unified perception of the service designer role. When service designers introduced themselves and presented their expertise and previous experience, they were often met with confused looks and questions about their role. Having a newly recruited 'service designer' as part of their team was a bizarre, first-time experience both for the service designers and the other project team members at HJ bank.

In the absence of a recognised service designer role, there were various conceptions of the service designer's activities, expertise and responsibilities. For instance, in the SL department, due to members' training in 'customer-led design', there was a perception that a service designer was a user researcher who investigated customer behaviour and experience of services. The service designer was expected to focus on understanding customers and producing user insights for the developers. In the first

few weeks of the doctoral researcher's assignment to support two ongoing projects in the SL department, the researcher was asked to help organise user insights and customer research findings for other team members.

In addition to this user researcher role, there was a common belief that a service designer could give form to research information via visualisation and videos. 'Bring-it-to-life' was a phrase often used by the senior staff in the SL department when commenting on the responsibilities and capabilities of the service designers in the team.

However, in the Payment department, there was different understanding of the service designer's role in the team. On joining the SL department, the doctoral researcher and other service designers were asked by Payment department team members how service design would contribute to the project. There was a confusion about how newly recruited team members, from a college of art, could contribute anything to the bank's NSD project on BACs payment. For most of the project team members and their managers, service design, as a discipline, was new and had not been introduced to them by management.

With no clear definition of the role of service designer at HJ bank, it was difficult for newly joined designers to grasp a role. This difficulty was not visible to service designers while they were working at the RCA service design studio. The recruitment of service designers to the SL department and their participation in projects was described by N (the head of SL department) as an 'experiment' (see appendix 6). By summer 2016, only a few people had been trained in service design in the SL department and tasks and responsibilities were not clearly defined. Since there was no existing definition of the role, the newly recruited service designers were actively seeking permission to undertake certain tasks and responsibilities within the project team. In Project Three, they were told by the line manager that time and resources were insufficient to conduct 'proper customer research' and, as a result, emphasis shifted from customer-led research to other project tasks.

Customer experience expert vs NSD process expert

The management literature discusses the different types of consultant roles (Caldwell, 2003; Myers, Hulks and Wiggins, 2012). From an organisational development perspective, the consultant role can be one of: expert, 'a pair of hands', a doctor-patient relationship or a process consultant.

In the RCA studio, service designers were expected to produce extensive analyses of a service and a professional report describing the new service concept. The expertise of service designers, as perceived by the clients, was in how they develop understanding of customer experience so as to innovative new services that respond to their needs, and thereby create value for both the bank and the customer. By demonstrating service design via physical outputs such as persona, user insights, customer journeys, and new service concepts, the consultant role included a diagnosis of the client's existing service from a customer perspective and identification of potential new value propositions.

While in the SL department, however, the role of consultant shifted from one of an expert in customer experience to a process consultant, in Project Three, where customer research was not authorised and the service designers had to navigate and negotiate a new consultancy position. Rather than diagnosis based on a customer-led approach, the domain expertise in Project Three was established from an internal cost perspective. This expert position was impossible for the newly joined service designers, as there were team members who belonged to the payment department and had direct access to the information. The service designers in Project Three acted as 'middle-men' to design and facilitate the development process. They were perceived by the team members as having the credibility and capability for 'organising creative workshops'. Thus, the role of the service designers in Project Three shifted from one domain expert, who offered doctor-patient diagnosis, to a process consultant who focused on the development process.

The service designer's tasks and responsibilities

Another aspect related to understanding the role of service designer concerned the tasks and responsibilities involved. Although it was a role that was recognised in the studio, there was no formal document describing their responsibilities. In Projects One and Two, the service designers involved performed the following tasks:

1. Production of service design outputs. This was described in the tasks and responsibilities of the service designers. In each briefing document, the deliverables section highlighted the key outputs to be completed by the service designers in the project team. These outputs included production of persona, customer journey, service blueprints and a presentation deck that explained the service concept and how it answered the brief. These key design outputs were expected to be produced in digital or physical form. In addition, design production output also included key events. The design of co-creation or research workshops and the final presentation were considered tasks for which the service designers in the team were responsible.
2. Investigative lead. In the RCA studio, the role of service designer was perceived as important both in understanding the project brief and designing solutions. In each project, the brief required the service designer to build an understanding of the existing service and to develop new solutions. As lead investigator in the research phase, the service designer was expected to understand the service in terms of both the problems and the opportunities it presented. Investigation of the service focused on market trends, competitors and users (including external stakeholders). In the design phase, this lead investigative role was responsible for proposing ideas and concepts during design sessions such as co-creation workshops. In both phases, this lead investigative role was responsible for selecting and designing appropriate methods for the development. This

involved constructing analysis templates, formulating interview questions, and planning co-creation workshop exercises. A range of people, including clients and tutors, were consulted about this output, but the service designer's primary responsibility was to deliver the project outcomes.

3. Managing and planning project events. This responsibility emerged from Project Two. In Project One, the role of project manager was not shared by the service designers. The studio tutor and the head of the department managed the project development stages, communication with the client and organisation of and participation in the research events such as user and stakeholder workshops. These tasks were considered critical for the timing of research and design events during the project. In Project Two, the role of project manager was given to the service designer in the project team, who was responsible for arranging participation in the research and design events, ensuring the timely delivery of development output and managing communication with the client.

At HJ bank, the service designer recruited by the SL department, reported directly to the design and delivery manager. In this case, the tasks and responsibilities assigned to the service designers were less formally defined and discussed.

1. Production of key service design material outputs. During the fieldwork in 2016, the initial tasks assigned to the doctoral researcher and Ala, included helping to produce digital versions of the persona, customer journeys, user insights and problem statement. These visualisations of the research and development outcomes were considered an important part of the service designer's role in the team. Project team members and SL department staff referred to 'bringing-it-to-life'.
2. Workshop design and facilitation. In Project Three, two service designers were responsible for designing and planning the 'as-is' and the 'to-be'

workshops. They were considered by the other team members as having a greater ability to encourage participants to be ‘more creative’. The service designer prepared the agenda, exercises and toolkit materials for the workshop activities. During the workshops, two service designers performed a ‘background’ role to help the workshop host to manage the time and the discussion, and take care of the hand-outs and the collection of materials.

3. Facilitation of team collaboration. Since the project team was a newly formed ad-hoc team, the responsibility of the design and deliver agent was to ensure development by the team. The service designer was responsible for producing consistent work templates for the team members to use to analyse the data. Use of templates allowed coordination across individual work streams in relation to the collection, analysis, storing and sharing of information. This mediation role extended to a responsibility for visualisation on the project wall and a project presentation deck which allowed project progress to be shared by team members.

The challenges for service designers

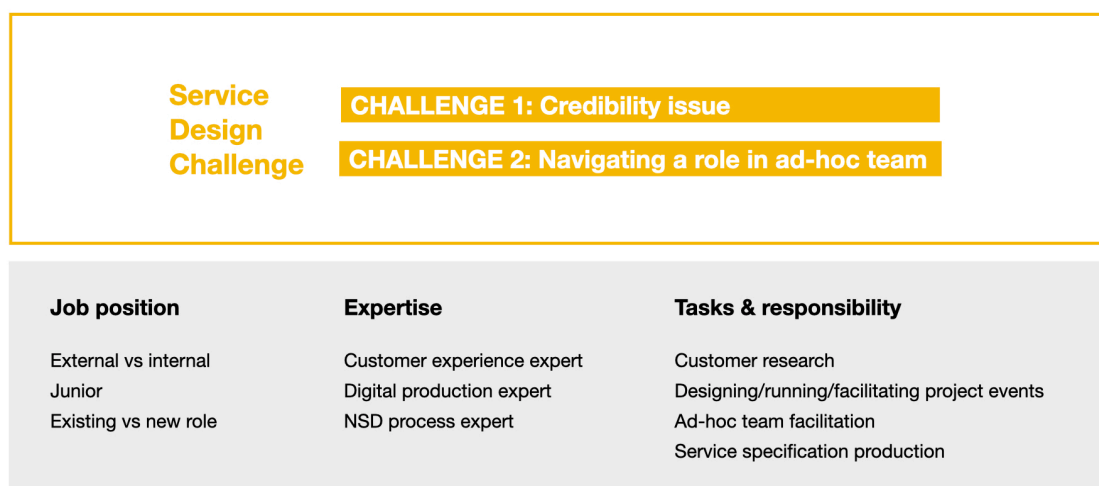


Figure 50. The service design challenges from the contexts of service designers' roles

The word credibility was often used, in all three projects at the HJ bank. The service designers were told that it was essential to establish credibility at the first meeting with the project team members and other internal stakeholders. Bill and other senior managers explained that credibility was essential to demonstrate expertise based on past project experience, achievements and professional accreditation. Lack of credibility and 'they [project team members] wouldn't listen to you or trust you' in relation to team tasks and workshops (see appendix 7). The dilemma for the service designers in this situation, was to establish credibility quickly during their relatively short time in the organisation. This was made more difficult by their lack of knowledge about the banking domain (particularly its internal operations). Their relatively short time in the organisation meant they had fewer contacts to rely on to introduce them and help them to establish their credibility within the team and with other internal stakeholders.

The issue of credibility was evident in discussions about how service designers fitted within the new service development methodology being used by the SL department (see figure 50). Rather than being the only new service development methodology in the studio, service design was perceived as a part of a hybrid of new service development methodologies (i.e. lean & six sigma, sprint, agile and operational model). It was considered a very new concept and activity in the development of new services and the optimisation of current ones.

In addition to concerns about the credibility of service designers, navigating the role in the team was also problematic, particularly in relation to job security. The constant threat of redundancy, and the bank restructuring after the 2008 financial crisis loomed over the bank staff and made them anxious. As a member of the staff of the SL department, the job of service designer was directly affected by the ongoing redundancy programme. In this environment, gaining recognition and demonstrating value were key for navigating a role in the project. At the same time, it was important not to undermine others' job security. In several conversations, the doctoral researcher was told not to 'pick a battle', and not to point out how work might be done more

effectively. There was a fine balance between establishing a service design role and not threatening others. This was particularly evident when making suggestions about service design outputs and, especially, if there were disagreements among team members; the service designers were cautious about asking line managers to make the final decision about service design outputs. Trying not to threaten someone's job security seemed to take priority over production of key service design outputs and meant that the service designers had to avoid conflicts with other staff.

5.4.3 Summary of the new knowledge on the team context

This section discusses the context of service design practice in teams, focusing, firstly, on team collaboration in the three projects. Regarding transferable knowledge for the service design field in system firms, it links the innovation management literature on ad-hoc teams to service design practice. It highlights how the diversity in newly formed project teams can present problems for collaboration, due to conflicts related to personal goals, commitments and individual styles of working. This finding extends the service design literature in relation to design readiness and organisational design legacy, illustrating how the service designers faced difficulties related to team collaboration.

Secondly, the discussion focused on the role of service designers in the team context. In particular it contrasts the service designer's role in the design studio with being part of an internal management consultancy at the HJ bank, where the designer is in a junior position and is responsible for different tasks. The service designers faced difficulties related to credibility as consultants in the project, and job insecurity as internal consultants (see figure 50). This research argues that service designers may encounter different roles in ad-hoc teams, with challenges in establishing credibility and defining an appropriate job profile.

In summary, this section of the discussion furthers our understanding of the incorporation of service design in organisations, particularly from a team perspective.

It connects the service design literature to the field of innovation management in relation to ad-hoc teams and management consultancy. This provides a new perspective on where service design practice takes place and the contextual challenges induced by the team environment.

5.5 Chapter conclusion

To summarise this chapter requires revisiting the research questions formulated in Chapter Two:

(RQ1) In what corporate contexts is service design practice adopted in the UK's financial service sector?

(RQ2) What are the challenges for service designers and their practice of service innovation in banks?

To address the first question (RQ1), this discussion chapter explored context at three levels.

The first was the organisational context, describing the positioning of service design capability in relation to organisational structure and innovation strategies. It highlighted self-initiated service design capabilities in different business units at HJ bank and their implications for intra-organisational competition. This extends our understanding of complex and conflicting innovation strategies and their influence on the application of service design capabilities.

The second level is the project context, examining where service design practice is adopted. On this level, a number of aspects are discussed in the service design literature, including the structural location of the client and its implications for the intra-organisational collaboration required for projects. The objectives of the three projects were described and the difficulties involved in aligning complex objectives during project development. Project scope was considered and the different scopes of the three projects were compared. We discussed the methodological positioning of service design practice in the project and proposed a hybrid framework to study the context of service design practice.

The third level was the project team to which the service designers were assigned. The discussion described ad-hoc development teams for service innovation in the

three projects. It highlighted issues related to team collaboration, the role of the service designers and how they are able to work in the context of ad-hoc newly formed teams. It highlighted the change from being an established service designer to a new recruit in the SL department. It introduced the consultancy role of service designers and the shift from expertise in customer experience to expertise in intra-organisational and team collaboration, in Project Three.

The discussion in this chapter provides new insights on service design and its adoption, highlighting a set of contextual constraints on service design practice at organisational, project and team levels and responds to the first research question.

To address the second research question (RQ2), we discussed the problems encountered by service designers at the three levels described above.

In the organisational context, the challenge for service designers is to obtain knowledge about intra-organisational competition and conflicting innovation strategies that might hinder the NSD project. Following this, the service designer must develop solutions and encourage stakeholder collaboration.

In the project context, the challenge for the service designer is to obtain a contextual understanding of the client location and its development constraints such as lack of buy-in or cross-organisational partnership, and lack of resources. The aim is to understand project objectives and scope and allow the possibility of project methodologies other than a design-led framework. Service designers are also challenged, within the constraints of the project context, to design and develop feasible solutions which can be implemented through intra-organisational collaboration.

In the team context, collaboration was a problem for the service designers and was exacerbated by the ad-hoc team construction and the designers' role as a consultants. It was necessary to understand the other team members and encourage their collaboration to avoid potential conflicts. For the service designer in a consultant role, this involved establishing credibility and avoiding threatening others' job security.

Chapter 6 Conclusion

6.1 Main findings of the thesis

In Chapter 1, this thesis highlighted one of the emerging trends that service design practice becomes a part of service innovation capabilities for financial industries. It explained the urgent need for service innovation by major UK banks in response to external changes since the 2008 financial crisis. It discussed the rationale of the doctoral research from the perspective of a designer researcher investigating design practice and emerging practice contexts in the financial sector.

The literature review considered work on service design and identified a gap in knowledge regarding the context and practice of service design. It compared research

and practice by sectors and organisational types observing a gap in knowledge of service design practice and specifically in the financial service corporate context. It reviewed service innovation and design management literature to highlight current understanding regarding service innovation strategies, location of service design capability, role of service designers, NSD methodological frameworks and the relationship to service design practice. The links between these corporate contexts of service design and innovation, led to the formulation of the research questions:

Chapter 3 provided the research methodology for exploring these questions through the doctoral research, explaining the rationale of participatory action research strategy and the deployment of qualitative methods of data collection and analysis.

Chapters 4 and 5 described three new service development projects that formed part of the incorporation of service design capability in the SL department in HJ bank. They described the context of the SL department, and the partnership with the RCA service design studio. Discussion covered design research and design practice related to each project and their investigation using a participatory action research method. Thematic analysis identified three corporate levels at which service design practice takes place. In Chapter 5, a new theoretical framework has been developed as a transferable knowledge for embedding service design practice for service innovation in system firms. This framework highlighted three layers of contexts and its components in each layer (see figure 51).

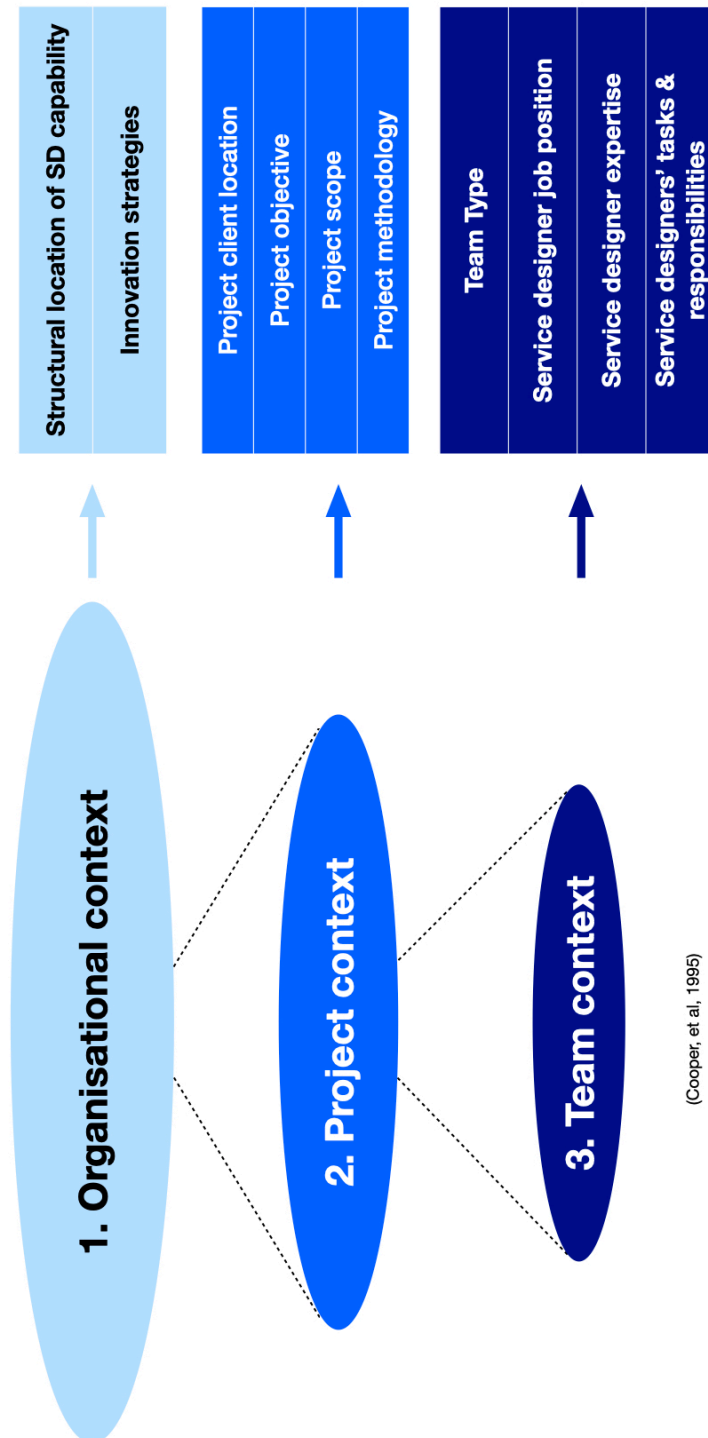


Figure 51. The contextual framework of embedding service design practice for service innovation in system firms

6.1.1 The organisational context

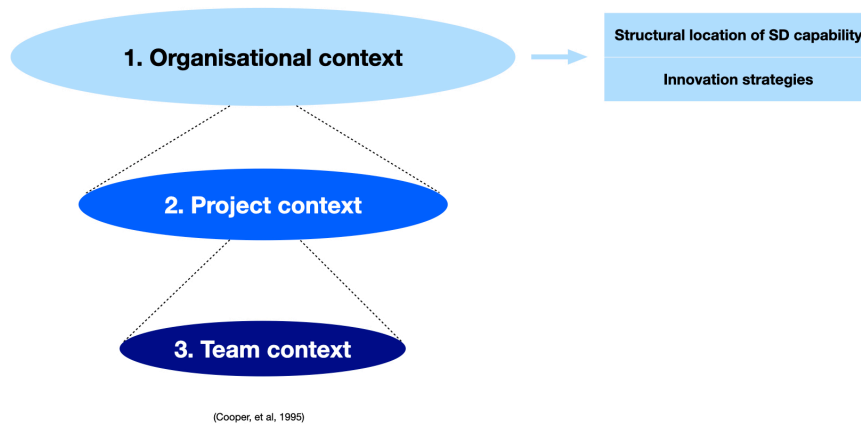


Figure 33. the framework overview of organisational context

Firstly, this thesis argues that there are two elements of the organisational contexts with influences on service design practice (see figure 33). The first one concerns the loci of service design capability. Involvement in participatory action research in HJ bank revealed that the location of service design capability within a system firm is more complicated than suggested in the current service design literature. This body of work does not provide a clear understanding of where service design capability is embedded and disseminated within the organisation, but rather it assumes a single centralised location. This research is keen to explore the types of business departments in large corporations that are interested in acquiring service design capabilities. The design management literature offers a clear discussion of the positioning of design capability in different parts of the organisation structure, and its different values (Stevens, 2009). In practice, there is a trend towards different placements of service design capabilities in organisations (Buley et al., 2015).

This doctoral research describes the visible locations of a variety of design capabilities within HJ bank. It shows that, apart from the SL department, there are ongoing, but decentralised and non-unified efforts across the bank's divisions and business units,

to acquire service design capability and adopt design thinking, in different ways and for different purposes. There is no centralised service design unit; rather, service design is seen as one of the capabilities required for innovation. Because of this non-centralised and uncoordinated embedding of service design capability across the bank, competition can emerge between different design units and legitimisation of design capabilities may result from this organisational context.

The second element is the innovation strategies. Apart from design capability driving changes within the bank, there are other forces that affect the organisational context. The ongoing restructuring efforts in HJ bank, included leadership changes and structural changes, were discussed by individuals involved in the projects. Frequently, it was unclear who was leading the changes and what changes were being implemented prior to an announcement of their implementation. Throughout the participatory action research, there were some visible high-level change initiatives, such as the digital transformation, the leadership programme, the simplification programme and the imposition of new regulatory requirements related to restructuring the business division and its processes. This complex and uncertain internal environment became the context for the acquisition of service design capabilities to drive service innovation.

6.1.2 The project context

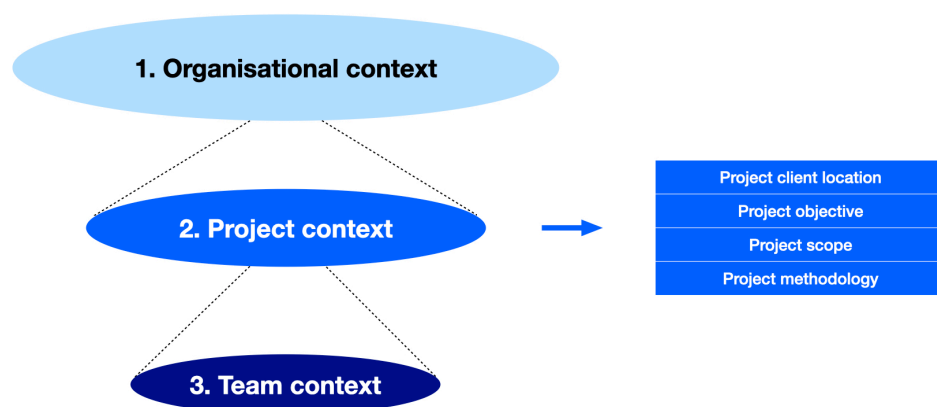


Figure 39. Framework overview of project context

Through the research, this thesis discovered that there are four elements in the project context influencing the service design practice (see figure 39). These four elements refers to the project client location, project objective, project scope and project methodology. The literature on service design projects provides no contextual information and the assumptions regarding project process as based on a generic notion of NSD. It assumes that all NSD projects are the same and have the same strategic importance and type of commitment.

When the three projects in this thesis are compared, clear differences in project contexts are evident. The first two projects were in the context of a partnership between the RCA studio and the SL department of HJ bank, aimed at equipping the SL department with service design capability as part of a strategic change programme. The projects, which were structured as external consultancies delivered to HJ bank, were part of an incorporation programme initiated by the SL department. The contextual environments of Projects One and Two defined the NSD projects' aims and outcomes. Structurally, Project Three was located in HJ bank as a partnership between the SL department and the Payment department, and was part of a simplification programme affecting the whole of the bank. These two project contexts defined the scope of the NSD project and its change objectives.

The project methodology for the first two projects was customer-led development implemented by service designers. The service design process was at the core of both projects. It generated the direction of change from an external market point of view, considering users, trends, and market competition, for example. Project Three used a hybrid methodology involving a localised simplification method combined with lean, sprint and service design methods. This methodology reflects the multiple management trends that have influenced the corporation in the past. The service design methodology deployed in Project Three was adapted to the provision of expertise and intra-organisational collaboration, rather than being customer led.

6.1.3 The team context

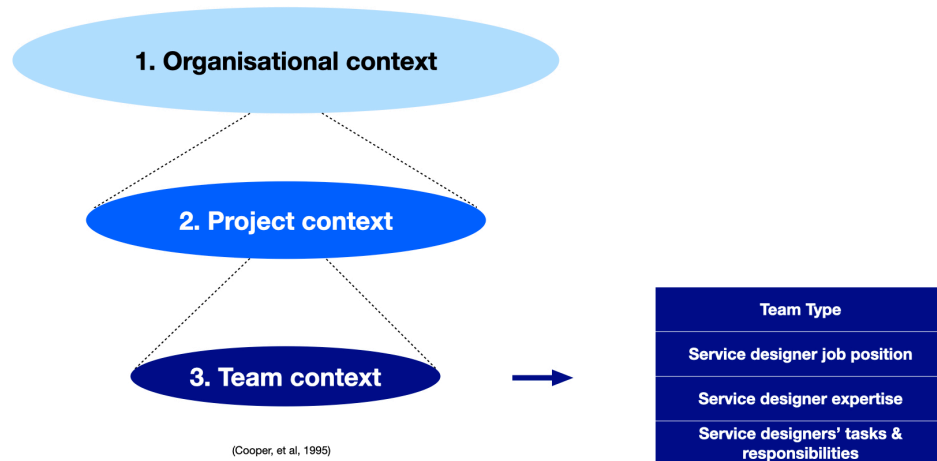


Figure 46. Framework overview of team context

Participatory action research identified the importance of the team context in which the service designers were working. There are four elements of team context that are related to service design practice (see figure 46). These four elements are the team type, service designers' job position, service designers' expertise, and their tasks & responsibilities. In the three projects at HJ bank, this research identified and confirmed the ad-hoc team type for service innovation, where service designers were the members of ad-hoc teams. Through the embedding process of service design capabilities at the HJ bank, this research also identified the junior job position of being service designers inside the bank and highlighting its expertise, tasks and responsibilities including task visualisation and consultancy on team collaboration. The service designers in the two different contexts – the external design team and the in-house consultancy team - faced different problems and drivers in relation to service design practice.

6.1.4 The contextual challenges for service designers

The project contexts posed several problems for service design practice. These

included credibility as a service design consultant, job security for team members, defining the tasks and responsibilities of the service designer, and issues related to collaboration among the members of the ad-hoc team. These various challenges resulted in conflicting objectives and styles in the project teams.

The hidden contexts, the lack of design resources, intra-organisation collaboration and the hybrid methodologies all posed problems for the service designers involved in the projects. These problems set the background for service designer practice and affected the co-creation workshops and the feasibility and viability of ideation.

Much of the difficulty related to the organisational context was not evident until the action research started. The ongoing restructuring and the competition between teams and departments was a functional limitation to the introduction of service design.

6.1.5 The new potential opportunities for service design practice and research

Research into the context beyond the design brief

The three projects in two fields contribute to design practice knowledge in that they demonstrate the importance of the context of service design practice. This suggests a reconsideration of the current assumptions about what design practice should include. Service design practice often researches into the external context such as users, market trends and competition, and larger stakeholder relationships around the user's life. It mostly overlooks the internal drivers of and constraints to service design practice and the changes involved.

Creating alignment and coordination among the contexts

The diversity that emerged from the team, project and organisation contexts, created conflicts and coordination problems for the NSD projects. The action research

addressed what adaptations were needed to achieve alignment between service designers and service design practice. For example, design outputs, such as the presentation pack and the workshops, need to be aligned to the team and the internal stakeholders.

Overcoming the barriers to change through alignment and coordination would reveal the value of service design beyond expertise in customer experience, and allow it to facilitate complex change inside the firm.

Future research opportunities

The contexts of service design practice suggest opportunities for studies to explore different contexts, in a larger scale study, based on comparative case research. This would provide knowledge for service designers and a better positioning of their practice in relation to their particular context. Further research could adopt the same participatory action research approach to investigate different practices in other organisational contexts.

6.2 The limitations of this study

This research has two limitations. First, the research methodology, participatory action research, does not allow unqualified generalisation of the findings to other organisations. The findings are limited by the contextualised approach, generating qualitative data based on a single organisation, which is not representative of all the major banks in either the UK or other countries. There may be differences between HJ bank and other financial corporations in terms of the corporate context for service design and service innovation. This research concerned the SL department (the internal management consultancy) as one of the locations of service design capability for service innovation, focusing on a very specific business unit rather than all business units and business functions. This suggests that there is scope for future work on service design practice in diverse contexts.

The second limitation is related to the timing of the doctoral research. In 2014, the incorporation of service design capabilities into companies was a relative novelty and there was little recognition of the varying organisational contexts and the difficulties they imposed for external service designers and their practice. The findings of this thesis represent a first effort to explore this emerging trend in both practice and research. In view of the single case examined, and its unique circumstances, we cannot claim that this research is exhaustive. The aim is to increase awareness of contextual variations and the different problems that arise in relation to service design practice. Therefore, the specific contexts of where service design is placed have the limitation of being applied directly to other occasions. Each organisation and new service development project may present a different contextual environment for service designers and their practice. This should be carefully examined by design management communities and corporate managers to avoid a one-size-fits-all approach to managing service design for service innovation. However, the framework of three contexts for service design practice could be a transferable knowledge for service design practice in system firms' service innovation.

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Appendix

Some information has been redacted due to the research ethic measurement and the privacy protection of relevant parties.

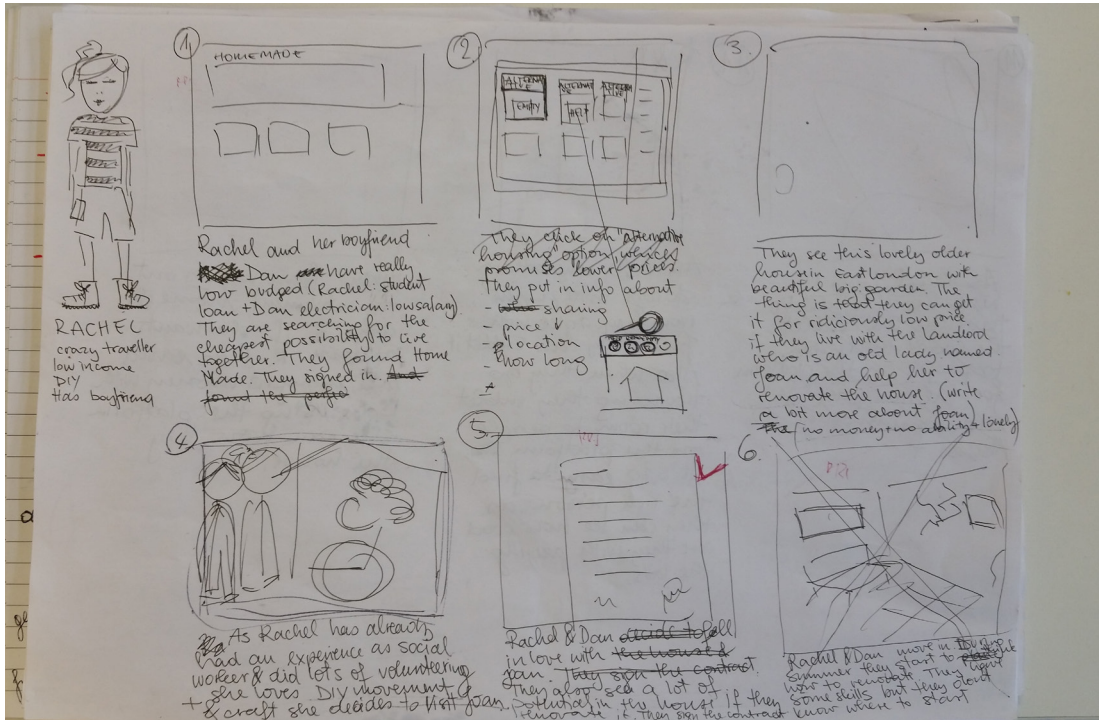
Appendix 1 Core modules of service design training during 2014-2016. This is a screenshot from RCA service design handbook 2014.

Core Modules

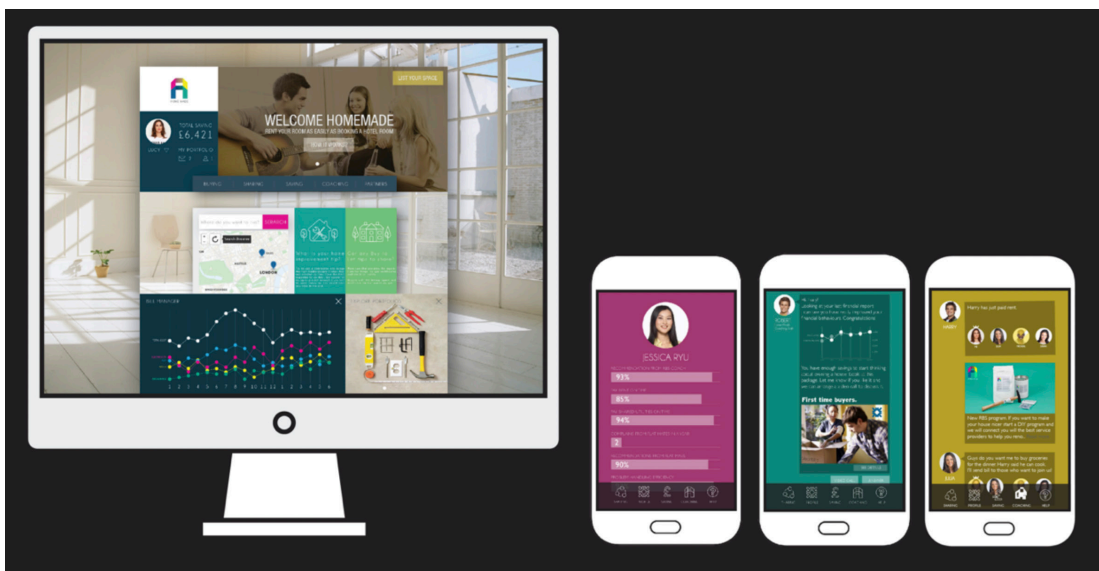
1. Introduction to service and experience design principles and methods
2. Human centred design and observation techniques and practice
3. Experience mapping and service blueprinting
4. New Service Design Methods
5. Organisational context and stakeholders
6. Stakeholder engagement
7. Sustainability issues and service innovation
8. Human Computer Interface Design
9. Behavioural Economics and implications to Public Service Innovation
10. Data driven innovation – combining big data and small data to create value
11. Future forecasting and scenario planning in partnership with Arup
Foresight

12. Architecting services and service platforms
13. Designing product-service systems
14. Business Model Innovation
15. Aligning brand, business and service design strategy
16. Systems concepts, modelling and simulation part 1
17. Service provisioning and operations
18. Service quality management and metrics
19. Role of information technologies in service innovation
20. Introduction to computing, web design, systems design and object oriented architecture delivered by Imperial College
21. Strategy and change management: delivered in partnership with Imperial College
22. Organisational behaviour and human resource management: delivered with Imperial College
23. Design and Project Management for designers
24. Social Entrepreneurship and new venture creation
25. Visualisation and prototyping techniques
26. Additional courses on digital services and web design delivered by Imperial College

Appendix 2 Examples of service design practices.



Drawing of persona and concept storyboard during Project One



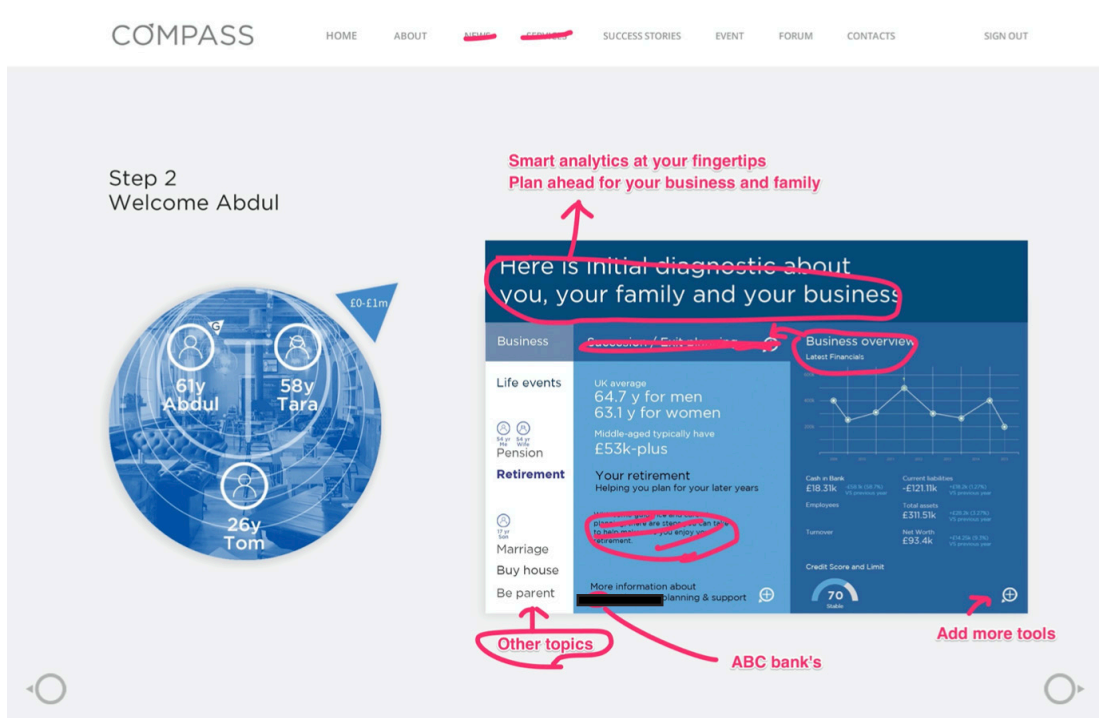
HomeMade, new service concept developed in Project One



RCA service designers in the Project Two, awaiting for the clients' workshop



Project evaluation with service design tutors at RCA service design studio during Project Two.



A screenshot of the digital interface for Compass, a new service concept for SME lending we built in Project Two.



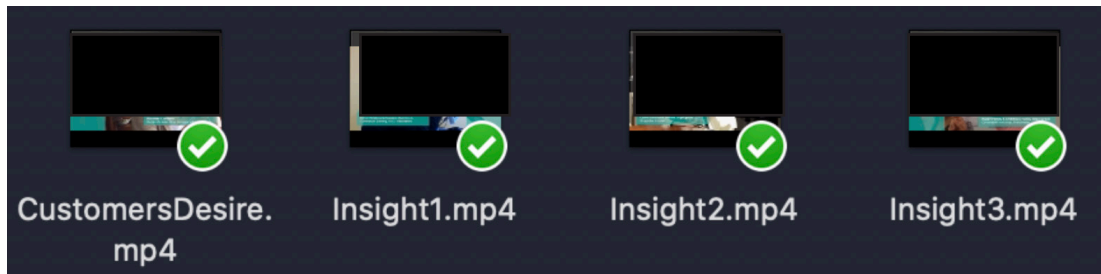
Project evaluation with a SL manager, a service designer and a lending manager from HJ bank during Project Two. We designed the group exercises to facilitate the evaluation.



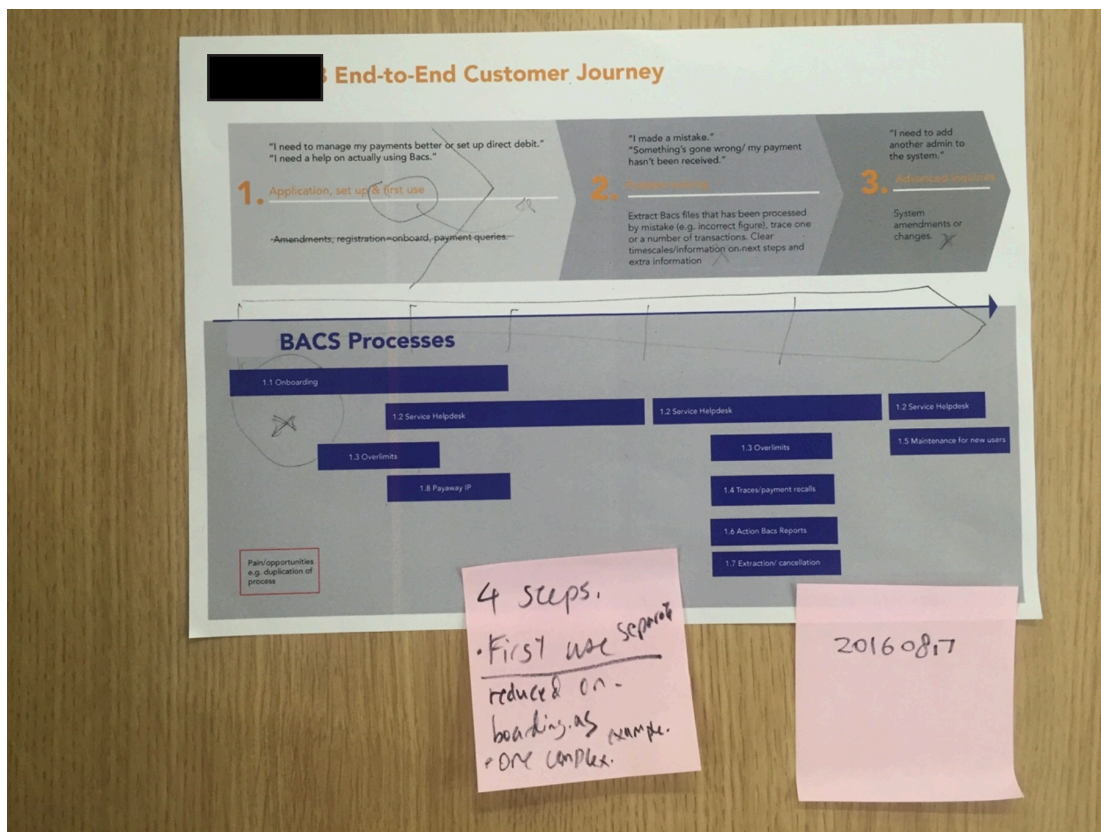
Service design training programme for SL department at HJ bank during the Phase Three of this research. We facilitated the training exercises onsite with the participants from SL department



The service blueprint of account opening service we built during Phase Three of this research. This was used in the internal client meeting to support the discussion on implementation.



The user research video we created for the account opening service during Phase Three of this research. This was used in the internal client meeting to support the discussion on implementation.



The weekly sprint pack mock-up we built during Project Three. It was designed to communicate the project progress and support stakeholder evaluations of the project.

Appendix 3 Examples of focus group discussion.



Picture: Focus group discussion at the HJ bank during Project One

Feedback Samples from the stakeholder

A SL manager from the HJ bank:

- Next steps - are you going to focus on one? If so this needs to be really strong in terms of: What is it?
- How does it work? (which hopefully some thoughts from the session will help)
- Who is it for? Young people or just students / graduates.....
- How is it meeting their needs? Does it link back to the research re living for now, you have some strong insight which would be good to bring out (mentioned this after the workshop)

- What impact will it have?
- How will you frame the focus on one versus the others?
- How does this link with the steps / ladder / pathway idea and there being a number of activities over time? Suppose here let's not lose the skills / resources piece.

A digital journey manager from [REDACTED] at the HJ bank:

- The insights were good, like the use of pictures and the design of the slides.
- would have been nice to use colour in the slides rather than b&w to bring it more alive, avoid using the same name 'Lucy' in different stories to avoid confusion
- would have liked to have had clearer objectives (or if the aim was not to have an objective tell us that this is the case) at first I didn't know what was expected of me in this activity, however it became clear as activity went on. In terms of the rounds, it is a good idea to build on the last ideas and answer the last groups questions etc., however if I knew that the group after me was going to build on my ideas I would of perhaps approached the task differently. i.e. highlighted the big question more.
- The presentation of the workshop results was good, although outcome was a little unclear, are we using all three concepts or are we working on one? This part seemed a little rushed and there didn't seem to be much of a process behind it apart from asking for opinions. Might have been better to relook at the original brief that was asked of the students and then vote?
- I enjoyed the question time, I found the group very open to feedback which I liked

Other questions and challenges:

- how to think like a young people in the strategy mortgage department, of which when coming up the next direction?

- If moving into a new area (blue ocean), who are the competitors and suppliers? Which parts of service should be delivered by ourselves and which part should be outsourced in partnership? How to validate with other stakeholders?
- How to translate the customer led design to operational elements in services? How to bring existing elements, assets and ability under this customer-led design solutions?
- How to build a community? Where to start? What are the killer elements to start from? What is the road map of creating this eco-system?

Appendix 4 Focus group discussion participant lists

Project One

- A mortgage product manager, [REDACTED] division at HJ bank
- A customer experience lead, SL department at HJ bank
- A customer experience lead, SL department at HJ bank
- The head of mortgage, PBB division at HJ bank
- A design lead, [REDACTED] at HJ bank
- A digital lead, [REDACTED] at HJ bank
- Head of service design at RCA
- Service design tutors at RCA
- The service designers from Project One

Project Two:

- SL manager at HJ bank
- SL service designer at HJ bank
- A lending manager at HJ bank
- Head of SL department at HJ bank
- Head of service design at RCA
- The service designers from Project Two
- Service design tutors at RCA

Project Three:

- Bill, Project Three manager from the payment department at HJ bank

- Tet, SL design & deliver lead from SL department at HJ bank
- Fei, SL manager at HJ bank
- Wuk, service designer from SL department at HJ bank
- Tom, SL design & deliver lead from SL department at HJ bank
- Three other senior stakeholders from the payment department at HJ bank.

Appendix 5. Examples of semi-structured interviews

Background information.

This is a extracted from one of the semi-structured interview I did during my fieldwork at RCA service design studio. This interview was done with a service designer, K, from the Project One team.

Date: 12th Oct 2015

Interviewer: Ningyi Jiang (J)

Venue: RCA service design studio

Duration: 60 mins

Interviewee: K

K: can I just talk?

J: yes, because when we start to talk we may lose something.

K: ok, I have 8 weeks.... One, two, three... eight. What kind of surprises? In sense like service design, or in general.

J: in general.

K: because there are lots of stuff, e.g. field trip and stuff like these. That's why i am asking.

J: let's start with the things in general. It doesn't has to be...

K: Ok, that's a surprise... (she is thinking and drawing on the paper.)

J: cheers (K pauses her drawing)

K: you know where I have been this weekend. Welsh. It is amazing and beautiful. There are more sheep than people there.

J: haha

K: no signal, which is a haven on earth. (She keeps drawing).

J: take your time. no worries

K: it is just easier for me. you know me. No, the thing is the best surprise. at the beginning is the onboarding process, like.. I don't know... even 5 days before i started, i don't even know if I am going to get it. it is horrible. It is why i am talking about this. it is this comes... sorry. with this kind of stuff, the process is behind. ..also you were there, they were saying it is all about users, we are really doing smooth services. you don't really see it (from the process).

J: shall we find a quiet room.. because...

K: yes, we should.

J: because i am little bit afraid my recording doesn't work.

K: sure. I won't say it is such a surprise because for someone it may not be. This communication of the message, from outside they said this, and inside they said this. It is at certain point, they are saying they are human centred...

J: em, tell me a little bit about onboarding process. who is in charge of this?

K: that's the problem. They don't know who is in charge.

J: Ok...

K: they did it for the first time. It is more because we just keep pushing and they decided to give it a try. There is one who is responsible but that's it. The one who is responsible, named R, she is amazing. But she had too much on her shoulders so like, moments i would recall, like she took holidays or something.

J: just tell me about the department you are in and the teams.

K: Ok, so, HJ Bank [REDACTED] department. around 5 years ago. the thing is that they make it really well so the projects are made to be politically visible in the organisation. So they choose their project really well. for example, I am in one. so the result they got, the design ethos, em, they got good results and they communicate the results in a good way. and they actually achieved the excitement for the design methods and approaches in the organisation. What happens next is that they don't have the capacities to do more works. it is because everyone wants to try this out. That's why they still have a huge design department where they maybe have 2 designers...

J: just 2 designers?

K: maybe 5 designers, you know what I am saying. it is not too many. They ah... in their own way. But you can feel that there is excitement. What they need to do next is to get help from the outside. so now, there are collaborative projects with mckinsey, fjord and nile.

J: so that specific department works with...

K: on different projects.

J: ok

K: on different projects with different partners. So it is kind of like.... you know... what is really good at the beginning is called the design events where all three design teams, from [REDACTED], london and [REDACTED]. So everyone is there. 150 people.

J: wow, 150 people.

K: what good is people present how much they progress for the next year. what results, what ... they did a really good research with their employees, what working and what not working... departments and so on. I have somewhere the notes I am sure it relates tobut the thing is you should speak to the head of the design. yeah. her name is Joe... she is amazing she works before for user experience in Barclays I

think. Lots of people came here even though they worked before for more successful organisations. Because people at HJ bank they are more open to change. because of the 2008 thing. you know, the crash. they have to change. I mean this is very good to implement new service design...

J: The reason to start this project. I mean for me, there are 150 people in that design team. It seems that this programme, the new leadership just set up...

K: well, they can have 150 great people there. But the thing is their process didn't work. They are very old fashion and you cannot use internet in their building in [REDACTED].

J: Oh.

K: yeah, if you have an idea and you want to check on the internet, you cannot do that because the security system. They are so obsessed with the security also. And with this processes, you see there is really not, in case... they are trying to but... in the new projects, but with this kind of stuff you just see that they are not there yet. They have so much to change.

J: Can you talk about more the things you draw here.

K: because this event the head of design, she is very .. she knows what to do and she ... and really importantly, how she started to communicate to people, they should change. She also acts as a consultant. the head , the head, like the head, who is a consultant, even...

J: what do you mean?

K: the guy who is above her. And there is this young lady who is by her side all the time, observing what she is doing and talking with people. Talking about how satisfied people are. It is amazing because with this details she actually communicate the message even that can be wrong and that's why she needs help.

J:ok

K: because lots of this bankers, they don't think they don't need help and they know everything. Sometimes you just need to remind people that maybe they don't know everything. Because the problem is that you are dealing with the bankers who have worked 13 years and they know the best who is their customers. But now young people come and tell you that you don't know anything about your customers who you are serving. You know, how ... this is the main problem. It is not how. It is to make them to think that they can change.

J: That's interesting. So you are saying that there is another person assisting her to understand the message that they need to communicate?

K: yeah, but not just the message they need to communicate but also she is consulting her if they did it properly.

J: ok

K: if she did right speech and if she talked to the right people. She consults her with whom she needs to speak.

J: that person is outside consultant?

K: i think she is internal. She has a job like that to consult.

J: that's interesting.

K: It is very interesting. There is also another thing, like, she asked us who here has banked account with HJ bank. That's 80%. How are about mortgage? And there is maybe 50% who had it. And she was like ... want to have HJ Bank mortgage... like feeding the culture and building the brand. Because they don't have that yet.

J:ok

K: actually what she is actually doing is not just service design. It is the culture of the organisation and it is about design a department that everyone want to change that. So that the culture is really important.

J: that's interesting. Because she is the head of design..

K: she is much more...

J: and she wants to change the culture and there is a function of the HR and other kind of leadership.

K: still. ...

J: em, that's interesting.

K: this is interesting. And also they kind of putting people into different teams and [REDACTED] (an external design consultancy company) would come and educate them about methodologies and how to do the research and so on.

J: so it is like three day workshop thing or?

K: the whole day.

J: the whole day workshop.

K: at the end they will have a barbecue and pingpong. And everyone get drunk.

J: so it is a full day workshop.

K: yeah, first, they will analyse a little how they progress and then their results. But also there is a guy from the operations and would tell about what they are doing and invite the design team come to see what they are doing. They really want to open up the department.

J: em

K: to make the communication better.

J:Ok. So the presentation, workshop and barbecue full day.

K: Yeah, that is the interesting. This is horrible. They send me to [REDACTED] (the external

design consultancy company) and I will work four days with them and one day at HJ bank with creative director. Em, so first this, with this company, I was like kicked to their project. And it is kind of what we do before.

J: do you find it similar?

K: yeah, it is quite similar. They may have designed 8 concepts for the project and i came in in the stage of testing those. What i really like, starting to work with the external design consultancy company, comparing to our service design department, the roles are a little bit more defined. So you have project manager who I think is very ... motivates the whole group and take care of the communction. And what is more interesting with Fjord and Accenture, for example, we also have a business, a woman who do business design. She took care of the communication with HJ bank and the external design consultancy company.

J: So what is the difference between business designer and project manager?

K: Em, the project manager will take more care of the team. Whereas the business design girl, she is also a part of the team. Here is the project manager and here is the business design. So she will actually take care of the communicate with HJ bank.

J: OK

K: ...

Accenture offers the cloud of clients but also trust. This is very important, especially for service design.

23:13

K: for example, all three of them will be , plus someone from HJ bank, will take care, I don't know for example, when we do xxx or workshops with stakeholders, all four of them would be like searching for people.

J: Ok

K: for the recruit, which is a bit like there are some roles, still very undefined.

J: OK, do you think these three people communicate to HJ bank at different level.

K: most of the time, they do it together. They try to do it together, like meetings. Conference call.

J: that's interesting.

K: but the communication is very important.

J: are you at ...

K: the design team.

J: Apart from you, is there anyone from HJ bank or ?

K: no

J: that's very interesting.

K: that's why these people communicating to HJ bank are very important. Because She, and he are really part of the team, because the project manager at Fjord is not like i am here and you are there. He really wants to be part of the team but still organise XXX he would never do like 'you need to do this' but he will ask us ' do you think we should do this and what do you want us to do'. Because this design team knows best what they are doing.

J: ok

K: again, i am saying the communication is so important. Em, so that was interesting. And also you can see which one from the design team is more for organising workshop and who is taking more care. For them, which is also more important is here. They have 'Un' and 'Nick' who is a kind of more taking care of the back processes. Em, creating the blueprint and so on. Whereas this one is... the other ones are like us more focusing on the users, experience and design. Whereas they focus on more

hard stuff, like in the bank, their processes and so on. So every monday, or twice per week, we would like have all the group together and like, 'ok, these are the results and we should change the concept a little bit because we have this result from the testing.' And then the guy who take care of the back office they would say, actually the processes we need to take care of this or we would learn more about it. This, this and this, we need to take care of it.' so this is actually very important. It means we share...

J: so this means inside the team, someone will specifically focus on backend ..

K: Yeah, because not everyone can do everything.

J: so I'am assuming thats a very big team then, or...

K: Wait a second, there are two visual designers, one interactive designer, one is product designer, one was service designer, em, then they have 'Un' who takes care of service design method and back office processes with Nick plus the business designer who is doing the joint team and plus me, so there is 8 people. Plus project manager, those accenture guys.

J: so 10 people. Is that just for one project or ...

K: but also you need to know, in the external design consultancy company, teams are very flexible, if someone decides this is not for me anymore, i can swope for another group to contribute to other things. So that's fine, you can go and someone else can come. If they start the stage of visual design, the hard design, they will have more people who come to do the visual.

J: so it is a very fluid status.

K: So it is very flexible and depends on how much they need. Because they never know how much they need. Ok, so, em...

J: can you talk me through more about processes, for example, em, do you guys run one project at the same time, or...

K: so actually, like I said, they developed the eight concepts. When I joined, they were testing four. Especially they are focusing on two of them. Em, most of the time, there are two groups, one would work on one concept and the other one would work on the other one, I would be inbetween, so I can consult with them both. So, one would be on XXXX. the other one would be more interactive stuff...em, but On monday we would share the findings and so on. I joined them when they start to testing. What this means, this means, that they would test with different stakeholders, like what we did in the beginning but it was for testing. So em, instead of doing current service and current journey, they would do further customer journey and how we see it happening but very loose. So they would add stuff and see what it is possible. So this kind of workshop is very good and they will divide senior people and would also the front end staff who communicate with..

J: from HJ bank?

K: yeah, from HJ bank. These workshops are amazing. One thing I would improve here is that lots of people are getting very excited about the project and want to help more. Every stage they could help and can give their opinions. So I am thinking if there is better communication and like they can follow up and see what is happening. So it is not just the co-creation workshops but it is you know discontinues after the co-creation workshop. So ... the people... or whoever, you know, it is all about co-creation with people. Then they can follow up and do comments, and other stuff. And their knowledge 'guys, this is never gonna work. Or guys this is great, and you could add this and this...' So, yeah, em, and then, for the apps, we would use the designs for the app screen, and but very detailed sense of information, for example, in the XXX, it is more about the profile, and also the staff, you can choose who is the best people you can talk to, profiles with different information, who you would choose and why you would choose. We ... with the phones, in the future, we will do that with the apps, but this time, we just use whatapps for example. For example, we were doing HJ bank angel, it is kind of overall the point of contacts, where the angels will take care of you. So, em, something goes wrong, you are going to the overdraft, you want to do something and you would not want to get mortgage, So the app, whatsapp in this case, will remind you 'hey do something'. These people would know this, they

know this is kind of the game, but they would have to play this game. So they answer, and then choose the angel and so on. And then after the remote testing they would come to the interview in the external design consultancy company and ask them why do you do this in a really detailed way. Why do you pick this angel. Do you like this and why do you not like this. What makes you decide.. Bla bla bla. So on different levels, we would test different segments.

J: Ok, that's interesting, can you give a little bit more information on ... the testing part. I wonder, because you are describing different levels, some of them are ...XXX

K: What do you mean drawing.?

J: because...

K: We would have ... for example,

J: workshops.

K: so this is user testing, so you have remote testing, which you will use whatsapps, em, to the users, Em, and then, we would do face to face interviews. But this is just one example, we would also do different stuff you know. We would record everything, this is also very important because this is how well you can communicate in every workshops. Very important. We would do every documentation of every steps we took. Everything needs to be documented. This is very important.

J: so at this stage, there gonna be HJ bank people coming in to go through this sort of testing.

K: Em, yes, the HJ bank people who take care the things happened with the Fjord.

J: OK. Do you recruit other people from HJ bank or ...

K: The users you mean?

J: the selection of people.

K: yes, firstly, we would tell them what kind of people we want to have. We want some divorce person, for example, really detailed. And then they will find this person.

J: That means those are the people from HJ bank or that can be..

K: all kinds of people. ... Testing with ... here is... we use like comics, what happens, what they want to change. I really like one workshop, before we go to the customer journey, we would do, em, just put them in different sets of the mind, in the future, em, Fjord would actually present their findings of what would be the future trends,digital, staff like thses, what they would have, omni channel, bla bla bla. They would add here you know what they would do for the current service using this kind of principle for the future. So, yeah, that was kind of it. Yeah, then, we were just like to explore everyday stuff, build the idea, build the screen, em, yeah.

J: for example, it seems like there is an interaction between HJ bank and fjord on this sort of level. There is a guy at certain point of the project to make sure there is an outcome for HJ bank. When you guys are testing, you invite several stakeholders... is there any interaction between HJ bank and ...

K: no, this is it. Em, these three will have much more meetings for HJ bank. But you know this is just this project....there is an guy from Accenture to Fjord who is communicating with more senior people from HJ bank. This is just for this project for you to do efficient work and so on.

J: that event you mentioned earlier, do those external design consultants come?

K: no, which is bad. They only came as consultant and told them something. They didn't make mix with internal design people with consultancy from [REDACTED] or [REDACTED]. It should improved.

J: that's very interesting view because it seems that you are the only one who works here and both here.

K: yeah, they are asking me lots about this because i am also working on those projects and communicating lots of stuff about these projects.

J: Tell me a little bit more about this part. Do you think it is almost everything to describe...

K: yeah, almost everything otherwise we can go on to talk about it for three days. OK, this part, I worked on a little bit creative project with the creative director at HJ bank. We met in her house in London and she really trust us and she knows that we are capable of doing this. We were given a not very strict brief to do. She just said do something.

J: that's cool.

K: all she said is like 'look at the branch 2020 experience' so we kind of set the brief for ourselves and we set our focus for ourselves. She would help us to do a little bit research with us and learn with us.

J: so that's not the monday thing or everyweek? So only you, [REDACTED] and [REDACTED].. so entirely RCA team...

K: every friday. Yeah, every friday. So she would kind of learn from us and we also learn from her. She is consulting us but also learning from our work.

J: what is her name?

K: R. She is amazing. She is also on one of our trips. She is the blond one and she went to Nokia.

J: I remember there is R in one of our workshop. Is she there at the same time.

K: I don't know. She is the blond one. Yeah, she worked for Nokia but she is very ambitious and she is really bad organising herself. She is very good organising others.

J: haha. That's interesting description.

K: em, she said that by herself. She is at so many projects and when she heard our experiences, especially from Kay, of those projects, she was so disappointed. She

knew how to do it because she is a designer and she knows how to solve problems. The business guy there just for the structure but they don't know what to do. So yeah, here is ...XXX... you do research for a day but you can't do much and the other day you do the analysis. So em, at the end.

J: so it is like a 8 days project in total.

K: yeah, actually, last week, we took a little bit more days and we came up with this really creative concept and we presented to the head of design.

J: so Joe, the head of design.

K: so we also met the senior people to have lunch with. Not the founders, but the guys under founders. So ... it is so stupid, it makes processes really slow. So.. i don;t know what to say. So they really trust us and like our work and said we can start working there tomorrow if we want.

J: Oh, Good.

K: Yeah, they were really inspired by us and we presented to the head of the design and asked us if we could do more and really want us to continue the project and so on. Em, ok. I think with this one I woundt' go to the details because i don;t think it is soemthing for you. But here, I put lack of communication in the process. So I guess at HJ bank everything is so hieratical and processes behind, whose roles and OAh,

J: can you give me an example.

K: i will. So what the external design consultancy company is doing is not just creating the projects and results. It is about the process. What they did is, first thing, in the co-creation workshop, is to recruit people who really work on the same thing, Mortgage, in one room. They didn't know what is happening on the other side. For the first time, they realise that fuck you are doing the same thing as I am. We should do together. It is like the only thing it will make sense. We would save so much money, so much time. So this is one thing really important. The other thing is very important, those external service designer in general, we can see holistically what is in the ogranisation and

what is happening and so on. And em, what also R said is that [REDACTED] knows HJ bank better holistically than HJ bank. With this approach, you want to get a holistic picture and understand what the novelty project is happening at the moment. You can actually see people are doing similar thing connected in one big service system. It is no point if we are just doing this one service, and if this service is not incorporated to the infrastructure. No point. So with this, we will do lots of meetings with people, internal people who doing internal projects, 'living', 'my bank' and so on. We would meet with people from operation level and try to understand what they are doing. And try to connect. And how to connect our concept. And say if that our angel is doing bla and bla, can get the data from mybank. If we are...

You should also talk with Kay. She is with Mybank, they are at mess. Fjord or mckinsey, i forgot, but for the first time they start to visualise their structure of the organisation. Before this, my dear, they have no idea who they speak to, who is doing what with whom. ... They didn't know who they can turn to if soemthing happen because they don't have this. Because they grow so fast and become more and more complex, they become more and mroe hieracal and sometimes, they ... that's why i think service design sometimes not just doing the service design, but what we do is much more than this.

J: Yeah, that's entirely my topic.

K: Yeah, HJ bank, Fjord and Acceture, they are a great example, but I am not saying they are great. In terms of communication, they should improve a lot. But it is interesting just to learn from their examples, because they are learning at the moment and they are improving all the time. You shall also interview R because with my disertation, I am interested at the same thing, how to introduce service design, non-design, into a structure. Plan about ..

J: Your dissertation is about [REDACTED].

K: yeah, [REDACTED] is so small that I can compare it with multinational organisation. It is the same. The bankers in [REDACTED] is the same as the politicians in [REDACTED] They know the best and they always speak numbers. They have the same hierachy, XXX,

everywhere.

J: Yeah.

K: so yeah. This is very important. I also think I have done the transcript. I will send you this.

J: your interview with R.

K: Yeah, I did interviews with the founders of the [REDACTED] and interviews with B, the one who found the service design network. There are insights from them too. I speak with so many people and spoke with more than 35 people all together. So i am like i forgot the name.

J: so what did you write here?

K: Methodology, improve the lack of communication and structure. There is not lack of structure, I mean the understanding of the structure. Holistic picture and testing too. And again What we did is also the result of the testing, it is not just for one service, the result of testing, not just the testing but the research, very important. Management about the new project for example. The findings we found now is going to be the trend for next three or four years. So they don't need to do, for example, starting a new project, they don't need to do, connecting to young people for example, RCA project, if they would have a pile of paper telling them about their research and findings, so that kind of help a bit and save some time. So learning about the strategy, I told you about this. Talk this more with KY. She would bitch about it. She is bitching it too much but this is KY. When she bitches about this and at the same time, she will say I learnt a lot.

J: Can you tell me briefly what it is about.

K: It is just that they want to use Lean approach and so on. Em, she will be better explaining this. Because she is directly working with the design department, whereas I have more insights about how HJ bank is collaborating with outside consultancies, external consultancies.

J: talking about the communication with the organisation. Do you find any clash of values, perceptions or languages when travel between these two parts?

K:Em, I also talked about background, how they started to realise the real value of it. Especially for the bankers, em, they start to use NPS, the Net promoter score. You can search internet for that. Basically how much people love the brand. It is actually the love, how much people love the brand. If you say this to Bankers, they would be like 'are you fucking kidding me'. If you explain this one point of the NPS, Point of Love means this and this amount of money, and that is interesting. She started with this, and we changed a lot . that s why insense of the language, I am telling you all the time, how documentation is very important and how accenture is very important. Because at the accenture, they always organising and you always have this or that as a result at the end of the week. If it is the intangible, this isn't the outcome. If it is the blueprint, it is fine. Even the outcome they don't understand, that's fine

J: So you mean that even you guys produce certain result at the end of the week.

K: They need to see something at the end of the week.

J: they wouldn't necessarily understand>?

K: no they would. Of course, they would but then here they can see it is happening. Of course, I mean we use visuals and we use very loud communication tools. So we are kind of using universal language, which is very humane. Whereas they are all the time apologising, especially at this event, they said trying to put yourself in the shoes of someone else. The banker language, this is changing a lot because em, the role of the bank is changing, it is going to the direction of consulting, like consulting. Not like consultant. Starting with the customer's' life and how customer can help. Financial consulting like that. In this sense you should completely change the language of the banker and you shouldn't be talking more numbers and you should talk about how it works in someone's life and it is the same like in some organisation, how they communicate with us. It is like, you know, oh my god, they use WORDS for everything, for everything. Really, NPS, every words is NPS, N something, C something, Eh, and you should be like 'can you explain to me what is that'. And you realised that they

don't know the short words are for. I am shocked and you know how many times I realised that. I am like this kind of loud person and if I don't know I would ask. They don't know, come on.

J: So you are describing that design event, they are talking about this new language?

K: they were trying to explain like, kind of promoting.

J: Do you find any problems that talking to and working inside HJ bank, people from different backgrounds and they are speaking different languages, different backgrounds and perceptions?

K: no, you can't, for example, in the workshop, you can't have the aim to achieve something without the aim to be common. And if the aim is common, that is fine. We present in our way but I wouldn't say there is particular difficulty as such. But it is also true, for the co-creation workshop, they would choose very smartly whom they want in a workshop. They wouldn't take someone who is very stubborn and change their wellbeing. So..

J: so that's interesting and great. How do you think about the final question?

K: I know what you mean by the language. All the time we are talking. What really surprise me positively in the workshop here, when we did with HJ bank for example, we were just like ok, we were doing this project and we start. What they did was really good is that present themselves of what they are doing and what aim of this workshop and what they want to achieve and what service design and how we did in service design. This improves the credibility of themselves a lot. This is really good. That's very important.

J: How do you see the relation of service design project and other HJ bank development? Do you think this is a tiny bit .. or maybe you don't have the access to that, but observation of that? From the overall involvement, what's the role of the design projects in HJ bank.

K: as I told you, it is not just about the projects and end projects, but it is about how

the service is going to be operated in the whole structure. With that, you are just designing a new service but you are actually designing 'connecting bits and pieces' in the organization and improving the communication in the organisation. Sometimes, consciously and sometimes are not. I think what you also doing is because it is such open process we are doing and what is very different with service designer is that our working is not the product, the process we offer is not the product but the services. We are not just like we work in this way and we offer you this product at the end, product or service. That's it, no! The important part is the service, i don't know how to explain, the service learning process. We want people to understand what we are doing, we want them to understand and start using it. We want to teach them how to do it when we are gone. And this is the service. We don't want to give this service or product at the end, we want you to know how to sustain it and when you do new services, you can do it by yourselves. And i think this is the main differences between service designers and other designers.

J: this is incredible.

K: waht

J: the conclusion part.

K: yeah, I think so. That's why R said, the creative director said, if i do my job really well, in next 5-6 years, i will lose my job.

J: yeah.

K: you know what i mean, because of the digital approach and other things, they change the staff at the moment, everything needs to rethink and rethought. Maybe service design is only gonna be there for this change. Maybe we are not gonna be there forever, maybe this is the word. I am not sure. But I am not really stressful about it, the word service design, I care about the result.

J: that is fantastic. Thank you so much.

Background information.

This is extracted from one of the semi-structured interviews I did during my fieldwork at HJ bank. This interview was done with a manager from the SL department, Fei, from the Project Three team.

Date: 21st June 2017

Interviewer: Ningyi Jiang (J)

Venue: RCA service design studio

Duration: 60 mins

Interviewee: Fei (F)

J: So basically I want to understand two or three things. So first thing is that we did quite a lot of projects last year, mortgage project with Sam and that was the very first service design project I did and then we did a lending project which you were involved. Then we did this playbook training for the SL department. So the first thing I want to understand is the history of rationale behind those projects, what happened sort of behind the scene that people start to do service design.

F: So where that came from was in, em, 2014, we were starting to be much more led by the strategy from the top, right, to be number one for customer trust.

So you can only do that by 1. Truly understand your customer needs, right, 2ndly, if you can truly understand the customer needs, we have to understand from the customers what their needs are not what we think what their needs are.

So it was turning it from business centric to customer centric, right. One of the first things we did in 2014 is we did onboarding research. Part way through the onboarding research what the business started to want to understand is what that means. So those people who tell me these are what customers want but do you want me to do with it, OK. Because I don't know how to change that from where we are today to where we want to go. So at that point, myself and another SL manager, we then

looked at what would be the future experience for customers. So at that time, we were working with a research agency and they put us in touch with a service design consultant lady. She came in and then we ran a series of co-creation customer workshops with the customers. We imagined using some of the tools and techniques and that was one day session that started us on that journey of we got to move from, actually given that was the research, we got to move from here to here because that is what customers telling us what they want. Customers were telling us that you don't have to make something fancy but you just have to make it work regularly, quickly and keep us informed. So all that good stuff. That was what we missed.

So then we moved on and so at the beginning of 2015, another SL manager and I, that moved to the business, we then start to roll borrowing and lending at both SMEs and coporate level. So in 2015, we started that. As we started to look at that, we have to do the whole piece here. We want to do some service design elements and as much as we got to do as a business want to know.

So what we did in the later 2014, we took what we've done in the onboarding, em, the output from the service design, which was the comic book piece for the onboard, and we brought it here at RCA and we had a meeting with the head of RCA service design. And we showed them what we've done and how we started to use it in some other projects, we got some feedback from Nick and at that point we started to work closer with RCA. because what happened then, we did all these research we wanted to do and instead of we are saying we want to do service design on this because that might be the resource and everything else, that is when we did autumn projects to students and we gave to the RCA of this is what customers are telling us and some other elements. Obviously on the back of that, we also got, you know, in 2016, we need to train more people to do this because this is what business wants. We started the training programme and in 2016, that was delivered and in late 2015, there was the mortgages and there was account opening, and then that was the lending.

J: At this moment, this phase was [REDACTED] (the personal banking group) or [REDACTED] (the corporate banking group)?

F: yeah, that was business banking and we used service design to deliver that.

J: they commissioned a project to SL already or?

F: so they, on here, we did that internally not with RCA when we developed the online portal and what we were looking is what else we can do, hence, that was Compass and Steer project came about. So that was the real catalyst for it because it was the business who said don't tell me what some of the things we do already know with your insights but tell me what you think we should be doing for the next. That is where the service design comes in. That is where the journey is and then the rest of 2016. Now we are back into it. Onboarding, we gonna use it in the customer journey management, and it will be across products and [REDACTED]/[REDACTED] (the personal banking group/ the corporate banking group).

J: What I found really interesting is when we do the service design projects, lots of works were for SL department. And it was a centralised department who gets commission from the franchises to do the work for them. I realised that there were other departments too, like digital lab, open solutions, they all have a similar initiative going on.

F: well, because HJ bank was so large and cumbersome, there are...

F: I do remember when we were there and you asked us to fill the entrepreneurial forms and stuff like that for the [REDACTED] (the corporate banking group) people because they have this internal ideas screening. And at that moment, i thought it was interesting because they are doing different kinds of stuff.

F: there are couple of things, you got the [REDACTED] (the digital division) that looks at the future, you had SL who were looking at imagining future for today. If you look at here, they are looking at 5-10 years. Here they are looking at today to 5 years. And then you have individuals and franchises who are doing very similar work but they are fixing the 'now' and which we call it 'keep the show on the road'. 'Keep the show on the road' is the expression.

J: which means that?

F: You just...

J: incremental improvement?

F: yeah, incremental improvement and service cannot be interrupted and fix that but you cannot interrupt the service. So it is the small incremental steps that will improve the customer experience and we were trying to then completely change the customer experience from today and last it for a good number of the years. And they are trying to say actually we thinking we can do this in 5 to 10 years time otherwise we will lost all of these. So it is, em, that is the way lots of them worked and they are fixing it now. or utilising service design...

J: I feel like when I was in the field and I didn't feel there was a clear cut...

F: no

J: in many ways some of the sprint projects, there was a cell ran at the 5th floor where SL people were based. That was a secret project that Y who was involved.

F: em, that was a cost reduction programme. The reason why that was secret because that was taking hundreds and hundreds of people out of the business. Hence there was a team coming to take people out of the business. What you've got there,..

J: I guess because it is not a clean cut that some of the account opening projects another service designer and I and many other people were redesigning the onboarding experience. It turned out that the franchise couldn't implement straight away because they have to do quite a big change for the digital plug-in and... So i was just felt that, whether my assumption was right or wrong, that there are more fancy people doing this digital and cool stuff but there are these people who are doing incremental changes couldn't do any those thing.

12:30

F: No, there is that. It went out to franchises, which is fine. OK. But if you think of what is happening here. If I look at here, the [REDACTED] (the corporate banking group), they are looking at onboarding, right. [REDACTED] (the personal banking group), strategic, account opening was on going, same thing, which was different customers. XXX bank brand (a subsidiary of HJ bank), What is the onboarding experience for XXX. Services, would be doing reimagine the backend. So you got all these people. These were sort of the separated, doing something different. But you got all these people doing the same thing rather than all working collaboratively to develop one solution that was going to transform the customer (experience). Because for every customers, the director of the business or accountants of the business, whatever, they all have personal bank account and they are all personal customers. You have wiz bank solution here which is quick and easy but when they get to the same bank with work, it is rubbish. Or the other way around. Well, actually, it is different again if they get to the XXX, but it is the same lot. How can that be? So that is where, so that is when you start to understand the politics of the play. There is, you know, there is 'not design here' syndrome. So when we are in the SL, that franchise, and then, the top they didn't get alone. So anything we said we are going to do, they didn't want as it was not designed here. So there is then sort of two heads meeting. That is the clean cut views but there is all these stuff as well.

J: I remembered when I was in a meeting which is the final stakeholder meeting for the XXX. We presented the new customer journey, the blueprint, the videos, we all have those prepared and printed out. That meeting didn't go very well in a way that it felt like 'that's nice but we gonna wait and tell you about it later.'

F: that ultimately the XXX go... and that is if you look at that, when XXX is going to that point we are not going to sell it, it cost the bank £2 billion wasted because it was too hard to do. Lots of the people could have told you so three years ago because it is too hard to do. They said there are certain things that the bank doesn't do well is 'learn fast'. If we have done agile that sort of learn fast, you can do things quickly and find out if it is not going to work then we need to work out the best way of doing that is. Does that answer that question?

16:37

J: Yes. The other thing i was wondering is your views on service design. Because obviously we get to know each other a little bit more, we know the SL department a bit more and you involved in service design a bit more, now what is your view on service design and how does it fit to the development process.

F: So for me, service design is one element, a set of tools and a methodology that you used and that links with lean methodologies, customer research methodologies, agile, that they are all linked together. The difference that i particularly like about service design is, things like lean and agile, they are much a way of working and they drive developing processes and solutions. Service design actually, it builds the concepts that then gets delivered through processes and solutions. Service design is, for me, a different way of thinking, about the way customer interact with the bank. So I think service design absolutely has a place in the bank. But I am not sure in the bank, in some places, is ready or hasn't got quite the open mind to see how service design can really help. It is a, for these kind of things, a way of working that people in the bank can get. This is a whole cultural shift. It is a cultural shift of how people think and work and utilize it to help and support these kinds of things.

J: I remembered that we were in the BACS payment projects, we set up the internal focus on customer research. We were not doing customer research per se and we were not doing...

F: not on that programme. Don't forget we were there to deliver an agile simplification cell. We wanted to use service design methods and I wanted to use service design methods. And that is a classic example of.. Although they did embrace us, what we didn't do, is to transform the customer experience. They didn't really take forward. We said we shouldn't do and why we are doing that at all if it doesn't make any difference. So it is not doing a pure service design but we were using service design to help and support. What we are doing now is within the product team because the product team has been asked to reimagine the way to build their products and the customers experience.

So don't design, that is where I go from business centric to customer centric, as I always said, we build the stuff and sell it to the customers, to we design the stuff with the customers and for the customers. And then we worked out how we can deliver it. Right, which is exactly the SME lending started with, we designed, even with the Compass and the Steer, although those two projects weren't fully delivered, they were designed with the customer focus. There was SME lending and we started that with the design to forget we were a bank. We forgot there was a bank behind us and then turned around and said that is what we built to deliver.

J: It almost makes me remember there are two different natures of service design in a way. Yes, we are very customer centric, we talk to customers, we work with customers and come up solutions for customers. But also, another case would be when we worked in the simplification project, we didn't talk to customers but somehow did a 'bring-it-to-live' kind of activities. We were managing the walls and visualise things. We were helping the cells to design the workshop exercises. It feels like we did a lot of facilitation and help people to work their best.

F: Yeah, I think the issues, are.. If you are thinking about the way how the banks work, we are trying it to bring it to live to make people to understand it. Because if they didn't understand it, they didn't engage with it so it never went anywhere. That's a lot of the projects in the banks that happened. That's why service design, like the lectures I've done here, regardless of how your idea is brilliant, if you don't bring it to live, you can't get people to buy in or see how they can physically to build that and what return they can get from it so that they want to fund it.

J: talking about this buy-in, it follows to my second area that whether that is a simplification or digital solutions with the stuff for the future. Is there any tips to make changes in the services? In other way, how we can get buy-in and moving momentum forward?

F: So it is tricky. Ideally, where you have the money, where it is the future people comes from, then they look at how cool the idea is and then get everybody really excited and said we really need to get that. Then they said we can't have that now because

of the bank system and we will have that in five years time. It doesn't go anywhere. Ideally what you want to do is to go away and build something for today and then you take to them and say do you know tomorrow you can plug this in and it would work. The benefits you can get out of it is to reduce this amount of cost you need and the customer will love it because we designed this with customers in mind. Why? I want that and I will pay for that. It is the 'I need you to give me 10 millions pounds and I am gonna go away and come back with a way that customers want to do your lending. We are going to implement it in 8 months time. I haven't got 8 months. Either I got something now or I will be out of the job in 6 months. So i haven't got 8 months time frame to commit to what I want to get the stuff done. So there is short-termism but it is a 'i got to deliver the benefits this year to save cost in this area.' But if you tell me you got something to get start to deliver in december, that's no good to me. I haven't got a next year. I got to find it now. That's where the simplification project came from. It gave small benefits rather than big bank benefits. The sexy things we always talked about in the bank, The apple pay, The mobile app, you know. Have they truly taken up by loads and loads of the customers or is there nice big numbers that bend you around. But in a grand scheme of it, it is much small. So it is, you talked about those sexy things we do, but the apple pay does not help loads of people on the cost, rather than a service that is sexy and we can shout about. The 'keep the show on the road' kind of the function is about doing the stuff now. The apple pay didn't start now until the things were delivered. So there is an...

J: But these kinds of people seem to be able to get away with that.

F: They got an innovation budget which allows them to tell the bank this what your strategies need to head towards. My understanding and my conversation with [REDACTED] is that they never delivered anything in the bank. What they do is look out for strategic external partners that they could use in the bank and then the bank invests into those companies to be the first users.

J: Is the entrepreneurial camp under them?

F: no. The entrepreneurial camp is... different because that is commercial orientation.

The entrepreneurial spark is set up in conjunction with external spark..... That's about the nurturing new business.

J: Just to recap, this kind of keeping the thing on the road is very important whenever you want to make changes.

F: yes, making it quick and getting it in and not spending too long understanding it. So it is a fast incremental piece of change that SL is always labeled with. The stuff you do is brilliant but it takes too long.

J: it sounds really interesting that each year they will have a review and that timeline is very important.

F: yeah, sometimes the objectives SL was working on can be counter intuitive to what [REDACTED] (the corporate banking group) and [REDACTED] (the personal banking group) want to deliver. That is not part of my objectives and that is not what I want but it is what you want. You end up with that.

J: I guess there must be a governance structure somewhere at the beginning of projects.

F: yes, there was that. So in 2017..

J: But SL has been running for almost 20 years.

F: Yes, until this year, people did so many stuff and at the end of the year, there is little bit overspend here and there. So now, you can't start anything unless you got the funding, governance and the right sponsor forum. It is a real culture change, for people like me, because we have to fill in lots of forms.

J: Not paperless form yet.

F: No. Yeah, we fill in lots of stuff and get presented to the committee to get the funding and resource allocation. You then go and get that resources. Then there are milestones and everything put into this system and tracked right way up. You can no

longer spend the time faffing around with 10 different people. Because if i decide I want to do something over here and hopefully there is something there, you are not going to do that because there are these people already doing that. That's where the duplication came before because there were lots of people doing the same stuff. So M put the service design training in [REDACTED] (the personal banking group) and he left. Em, and we were doing this as well. It become an arm race whoever get that first.

J: and these guys are doing service design as well and they call it design thinking.

F: yeah, but they keep that to themselves and it was just them. We were trying to influence the bank to do it.

J: yeah, the organisational level.

F: Yeah, these guys, in a harsh way of saying it, these guys don't care about what happening here. They were faffing around.

J: is that digital studio under the open experience?

F: yes, it is. But that is paid for by the personal banking franchise. So that is the project to be done for 'the now'. Genuinely, these guys are thinking about the future, they are designing the apps and all other stuff but it is not about 'keeping the show on the road' of keeping this moving to the better place.

J: that's great. It seems there are governance of it.

F: absolutely, there are governance above it to prevent the duplication of work. The key thing now is to keep that momentum going when we are getting smaller and smaller as a bank. Because by the end of next year, we will lose another 13000 people. I may be one of them.

J: no, you will be alright.

F: it will come around Jonny.

J:It is very interesting. Thank you very much for the interview.

Appendix 6 Semi-structured interview participant list

Description:

This is a list of semi-structured interviews conducted during the fieldwork at RCA service design studio and HJ bank. For confidential purpose, all names have been replaced with pseudonyms.

1. K, service designer (Project One) at RCA service design studio
2. L, service designer (Project One) at RCA service design studio
3. M, service designer (Project Two) at RCA service design studio
4. N, service designer (Project Two) at RCA service design studio
5. Narren, Head of SL department at HJ bank
6. Sam, SL manager at HJ bank
7. Fei, SL manager at HJ bank
8. Wuk, Service designer (Project Three) at SL department
9. Ala, Service designer (Project Three) at the SL department.

In addition to the above interviews, the researcher also conducted semi-structured interview and conversations to share the early research findings with people who have experiences applying service design practice in similar banking contexts for service innovation. For confidential purpose, all individual names have been replaced with pseudonyms.

1. CB, Head of service design at [REDACTED] (a major UK bank 'BBB')
2. RB, Head of mortgage at [REDACTED] (a major UK bank 'BBB').
3. NM, Head of design at [REDACTED] (a major digital design consultancy company)
4. JS, Head of design at [REDACTED] (another major service design consultancy company).
5. MB, ex-service designer at [REDACTED] (a major UK bank 'BBB')
6. JL, service design manager at [REDACTED] (a major UK bank 'CCC')

Appendix 7 Examples of reflective journal

Description:

This is a reflective journal I did when I was embedded as a full-time service designer working at the SL department of HJ bank. At that time, we were assigned on to a simplification project sponsored by the payment department. This journal was written at the end of the working day. For the confidential purpose, all names have been replaced with pseudonyms.

Data: 4th August 2016

Location: HJ bank, the sprint cell.

When we are making the visualisation, we asked the project manager on his favourite colour and hope this will help us to connect with the team better. The project manager Bill likes colour red.

There are so many similar initiatives. getting the wider sponsorship is the critical element in the project process. workshop design is very important.

Today it is my first day working with the team. In the morning Tom explained the onboarding work he has worked on and take us through a kind of journey/process he mapped. He got lots of answers perhaps in his mind but the process itself does not seem very clear to me. It is kind of interesting to reflect on what I learn from service design, a systematic way of design thinking about processes, people and tools. By having this visualised thinking tool, it helps the team to build up the shared mental working space and identify the challenges as quick as possible.

That's the moment I start to draw out the customer journey mapping of what I pick up from him in his explanation. I do explained a little to the team after they finished what they discussed in stead of jumping on what I can do. I deliberately not make it a big deal to annoy people and assert my authority into the team. I later on discuss with Wuk and Bill to have a customer journey mapping workshop to transfer our skills and facilitate a new of working as a team.

Later on, Bill went through the whole end2end journey for payment, from customer onboarding to specific operational process according to customer requests. The work itself is distributed among the team and quite a lot of journeys and customers types that may be involved. The idea is to give a overview picture on cost and other five lens so that the key decision makers can make decisions to save spending on cost but hopefully also improve customer experience. We all stand in front of the White wall and take note.

We got a chance to ask questions at the end. Bill asked some team member to find out the total volumes and estimated spending on those process. I add that perhaps the seasonality and connection between those processes need to consider as whole too rather than silo processes and experiences. He and Fei agreed.

I ask Tom and the team to set up basic shared folders several times. It is not easy on the bank as it needs authorisation and other departments etc. This is an area I always feel a lot of pains. The extra admin and authorisation. It is very Non-encouraging for people to try stuff.

The afternoon Wuk and I spent a quite long time to make the tools for the customer journey mapping workshop we proposed. Before that in the lunch, I ask Wuk experience at RCA and as service deisngers. It was a good session to hear from her and express my thinking on complementary role as service designer. It is always more important in facilitating, supporting rather than become an arrogant designer. The service designers goal is to make sure people are happy in working within services. If they are well supported and experienced better way of working, they are more likely incorporating it in a more valuable way. They then have interests to understand it more and try it more. Perhaps that's one element of incorporating service design into service innovation.

Within service innovation methods, perhaps there are many disciplines and expertise already. The idea itself of incorporating is not to say service design is the only cure for everything but instead to facilitate what exists already and add effectiveness and effeciency to connect silo expertise and disciplines. It needs to understand lean,

agile and many other disciplines. The understanding itself is so important for service designers as well as organisational leadership. The key recognition from leadership is the leadership of coherent customer experience. It means that no matter what silo departments or processes are, we need to understand customers experience, e.g, their perspectives, their languages, their experience of the organisation and services. All services within one organisation needs to be consistent and coherent for customers. Perhaps in terms of governance structure and measuring, there should be a lens for this too, which is a very important lens.

Deliberately now since the days with Ala on her project, I realise how important to let the team feel empowered but not threatened. People may have been in the banks for years and understand changes may come and go. They probably tired of those too and become immune to certain part of it. In stead of selling and asking people to do it, I take a different position as a helper using Facebook at work and learn them more as a human being. I use strength test results too and thanks to Preeti. It helps me to understand them more even though it may be less rigorous or accurate than it should be. It serves the purpose for now as a sign post to navigate.



Picture: the spring cell

Description:

This is a reflective journal I did when I was embedded as a full-time service designer working at the SL department of HJ bank. At that time, we were assigned on to a simplification project sponsored by the payment department. This journal was written at the end of the working day.

Data: 10th August 2016

Location: HJ bank, the sprint cell.

Yesterday, when we finished the workshop we organised, Bill gave a comment on how it could be better: set up credibility/trust earlier, follow up on the weakest, strict about time. He gave me a few example at the lunch, e.g how a speaker talked about his experience in army and battlefield in the delivery of workshop to senior people. He told us this project would be very important to train his team on sprint methodology and demonstrate the new learning from SL department. So the workshop is a key learning fro the team.

I guess that's why the workshop is very challenging. We were too ambitious about introducing key concepts, such as persona, stakeholder wheels, and customer journey mapping and blueprints, within 2 hours. We merely started at 10:30 and have to finish it at 12:30. I jumped too much over Wuk role and forgot other important details such taking photos, listening to participants while they played back. I forgot to ask more questions and opinions about the participants, eg. Have you seen any customer journey before? What do you think about those. It is too much about me rather than about them. The clear objectives and structure Fei suggested helped a lot. It gave everyone a clear expectation and check list before, during and after the workshop.

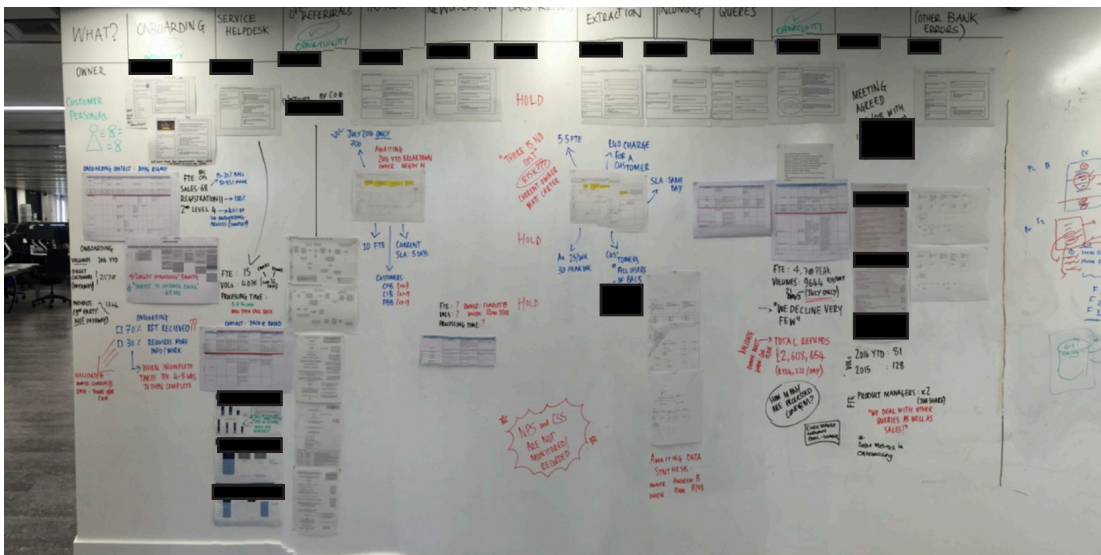
We didn't account the cards and papers properly and we run out of some cards quite early. Such as question cards and action cards.

We shall identified and distributed the roles better. I realised in the workshop that Fei play such important role on demonstrating what is good result. An active member in the team is very helpful. Perhaps what I can do better is ask them pair up: one

with good understanding and one without. This may add peer learning and perhaps quicker the progress.

Later in the afternoon, we all seperated into pairs. The goal was to use the same thing we've done in the morning. Some group worked on papers and post it and we worked on digital directly. I should have demonstrated what we wanted as a medium at the end because Tom asked me for a template. I was trying to explain a template couldn't help because it limits our thinking and may make the mistakes and individual differences very hard to detect.

We gave a templates at the end because terry want consistency across the result and speed up the progress.



Picture: the spring cell

Appendix 8 Examples of PhD supervisions

Description:

This is a sample of PhD supervision meetings I had with the PhD supervisor. At that time, Dr Juliette Kristensen was the interim supervisor. It was written after the meeting as a development record.

PhD supervision

Date: 6th June 2017

To-do list

1. Prepare three PhD thesis for next discussion for the next critique session
2. Check out participatory co-design literature and Janet McDonnell's works <http://www.arts.ac.uk/research/ual-staff-researchers/a-z/professor-janet-mcdonnell/>
3. Add more diagrams and tables to explain progress for the interim exam.
4. Check out Semiotic methodology

Summary

This is my first tutorial with Dr Juliette Kristensen. I presented a section of my interim report 2017. The tutorial was from 10am to 11am. Overall, it was very helpful in a sense of being encouraged for the route I am on (e.g. the PhD writing and reflective practice) and having received advices on literature and PhD viva. I have to say I also like her metaphor a lot. I believe somehow the style of explaining complex ideas through metaphor is a kind of oral 'prototyping' for intangible concepts. Of course, it is also fun too.

Her advice:

Build a stronger 'Net' for the PhD viva.

I ask her about the quality of phd thesis standard I shall be aiming for. She explained the rationale behind the viva and suggested me to look at some PhD thesis from the British Library and prepare three papers for next critique session.

Check out literature in participatory co-design

As i was explaining the 'twin process' in many architecture development project (e.g. regeneration) and this set of literature investigating using design to managing organizational change in product development, public service and architectural design context (Naar, et al 2014)(Deserti, et al 2014) (Junginger, 2008), Juliette suggested me to investigate more into this phenomenon by looking at author such as Professor Janet McDonnell (Dean of Research at CSM, <http://www.arts.ac.uk/research/ual-staff-researchers/a-z/professor-janet-mcdonnell/>) to build a stronger relevancy to this set of literature in participatory co-design. Referring to her works in regeneration project, she further explained the issues in participatory co-design, such as 'politics' of how power plays out in the participatory process and how those decision is made by whom. I agreed that this issue do play a lot especially in phase 3, when I was recruited as a junior university graduate in one NSD project. It was a genuine issue in the field work.

Explain your choice of methodology through the scholarship perspective

I have explained my rationale of choosing participatory action research as my main method to conduct my research. It is based on the personality as well as the career plan for myself. She suggested I should add more scholars' perspectives to support my methodology decisions. (I did so in the last interim report but I will keep an eye on it and add it too at last.)

Try semiotics to analyse artefacts and 'curate' them into 'museum of artefacts'

I showed her the artefact examples (e.g. a communication brochure for a regeneration project and a training deck from my fieldwork) and asked about how to analyse this kind of artefacts and its role in the development process. She talked about the materials, languages and visuals in both objects and recommend me to check out semiotics to analyse this kind of data from my fieldwork. This kind of objects designers made in

the development process serves quite interesting role in different aspect of the NSD project as it happened in real and complex development situations.

Her question:

Is your data sufficient enough to support your emerging framework?

This is a question i need to answer and hopefully the completion of data analysis will clarify that soon.

Reference

Deserti, A. & Rizzo, F., 2014. Design and Organizational Change in the Public Sector. Design Management Journal.

Junginger, S., 2008. Product Development as a Vehicle for Organizational Change. Design Issues, 24(1), pp.26–35.

Naar, L. & Våland, M.S., 2014. Design thinking in managing (and designing) for organizational change. In 19th DMI Academic Design Management Conference.



Graph 1: the first tutorial with Dr Juliette Kristensen at Research Studio RCA, 6 June 2016

Defining its potential contribution

In terms of theoretical contribution, this challenges of incorporating service design into organizational practices have been raised by leading authors in this field such as Sabine Junginger in her investigation in public services. Problems such as the unawareness of 'organizational design legacy' and other organizational issues have caused frustration of 'only knows about customer journey mapping' than other organizational issues such as change management. In other field of design literature, participatory design and co-creation do connect to this investigation but are felt short due to its discussion in different context and do not directly address the issues in new service development. A few interesting works, such as, propose a hybrid model of understanding such development process in the context of architecture design. They highlight that this development process of new building is two parallel processes: one address the design challenges in the process and the other one address the organizational changes challenges that may leave the building underused if changes are not welcomed by the individuals. In many architecture development projects such as areas regeneration (e.g. king's cross regeneration and batter sea regeneration), this kind of parallel processes can often found intertwined in its design and development process. In management studies, organizational change literature, service innovation and new service development literature are often separated in different camps of scholars due to their separate historical origins and development. Thanks to the advantage of design tradition and participatory action research this work adopted, this research is confident in its unique angle to bridging those theoretical issues into a potential new framework, which might change the way we understand how service innovation may be more successful in the context of project development process and how service design as a design practice can be taught in design communities to encounter organizational issues. In terms of practices, the scenes of new service development are often messy and less ideal as a scientific laboratory setting. This design research believes that the empowerment of such individuals' efforts for service innovation should not stop at a theoretical framework which often shelved for scientific communities. The contribution for the practices should also be captured in other designed forms, such as toolsets and other popular formats, which empower real normal people on everyday basis to deal with the challenges in the field rather than a framework of theories that requires them a separate effort to study and remember or even intimidate them for their own reflective actions. Currently, this research has explored several design outcomes in the field with the participants based on the action research tradition (e.g. 'the researcher position as an insider to learn from the researched'). These several design explorations will be discussed in the later section. In short, this contribution is to help my readers improve their understanding and practices to better manage the new service development process in system firms.

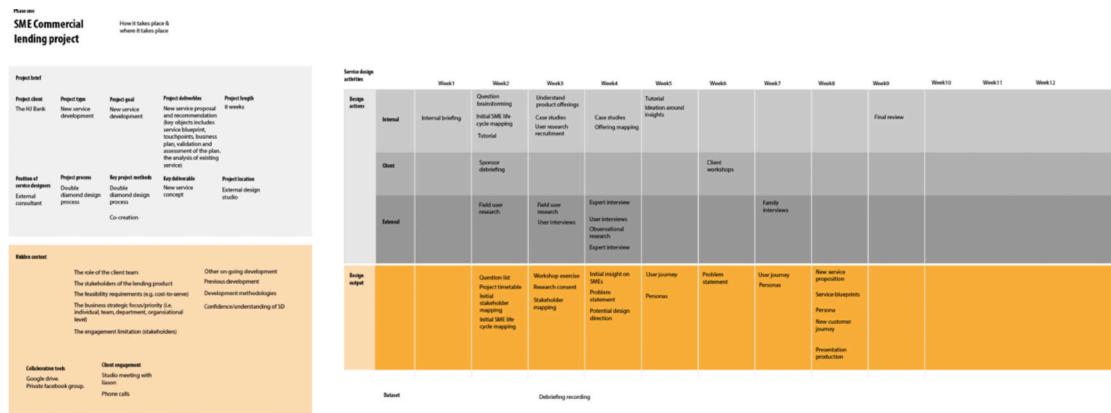
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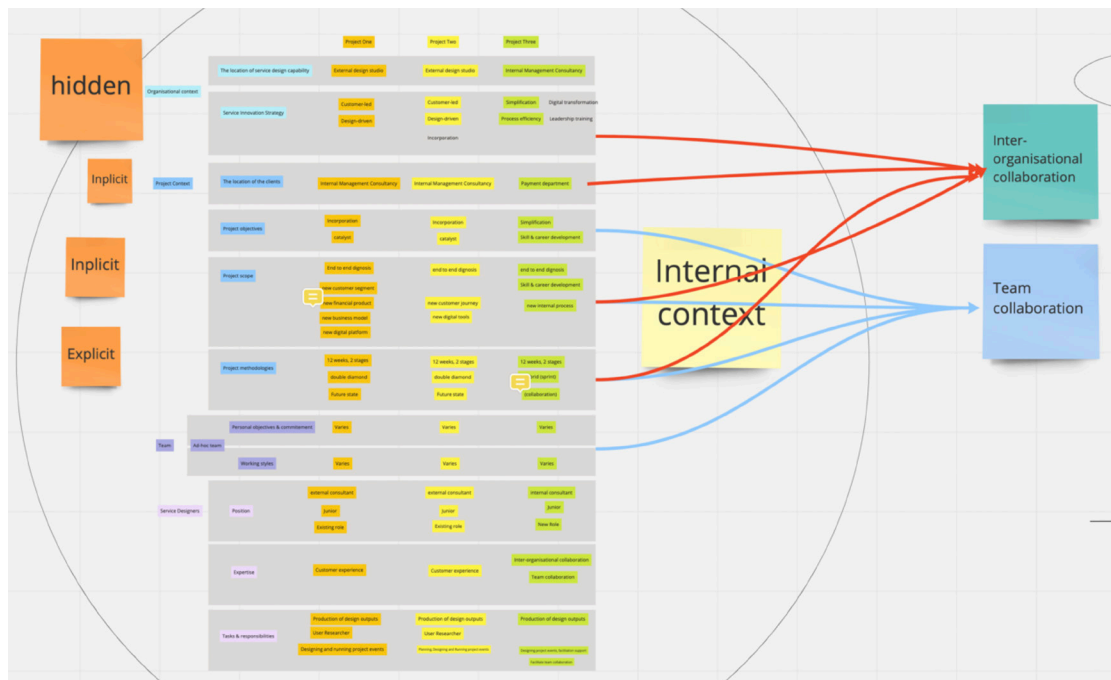
Who are these 'real' normal people.

Graph 2: Comment on the interim report from Juliette

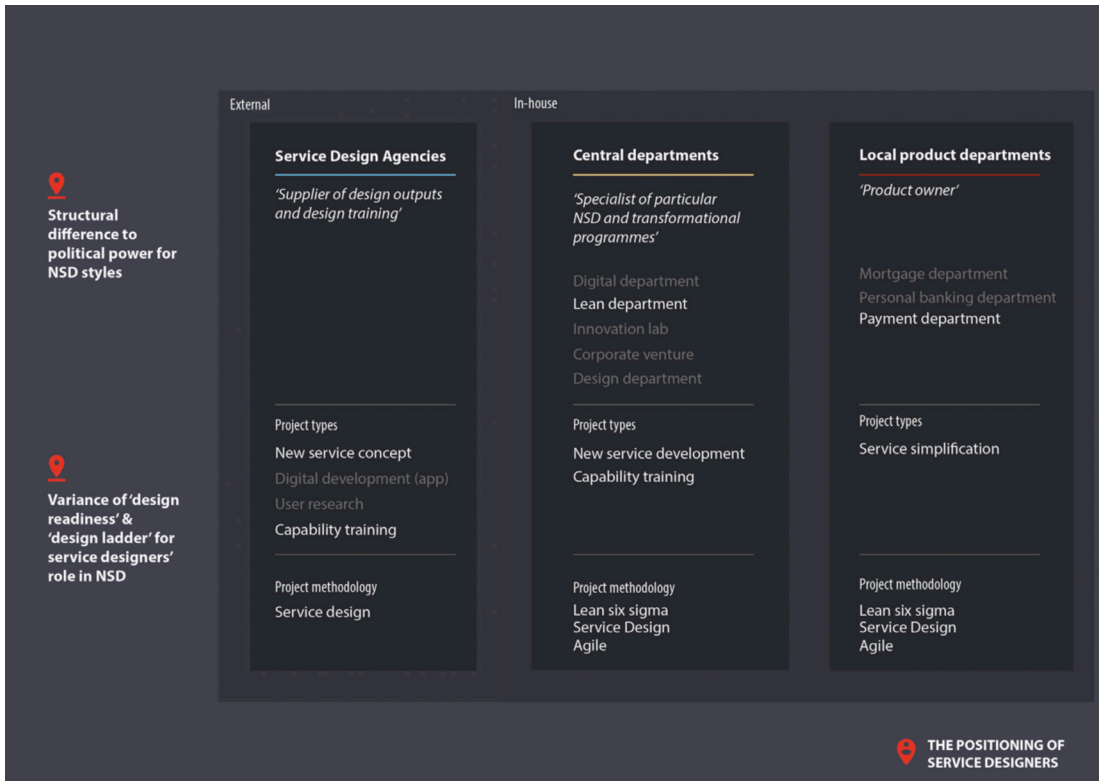
Appendix 9 Thematic analysis examples



This is an example of data overview I created during the analysis. As a first step, this helps me to structure the fieldwork data, ranging from photos, semi-structured interviews, focus group discussion and my own reflective journals. I used this as a basis to guide my familiarisation of all collected data during the analysis.



This is a screenshot of early themes I coded from the data. These early themes are reflected based on Rachel Cooper's design management framework in relation to the challenges that service design practice has encountered during the research.

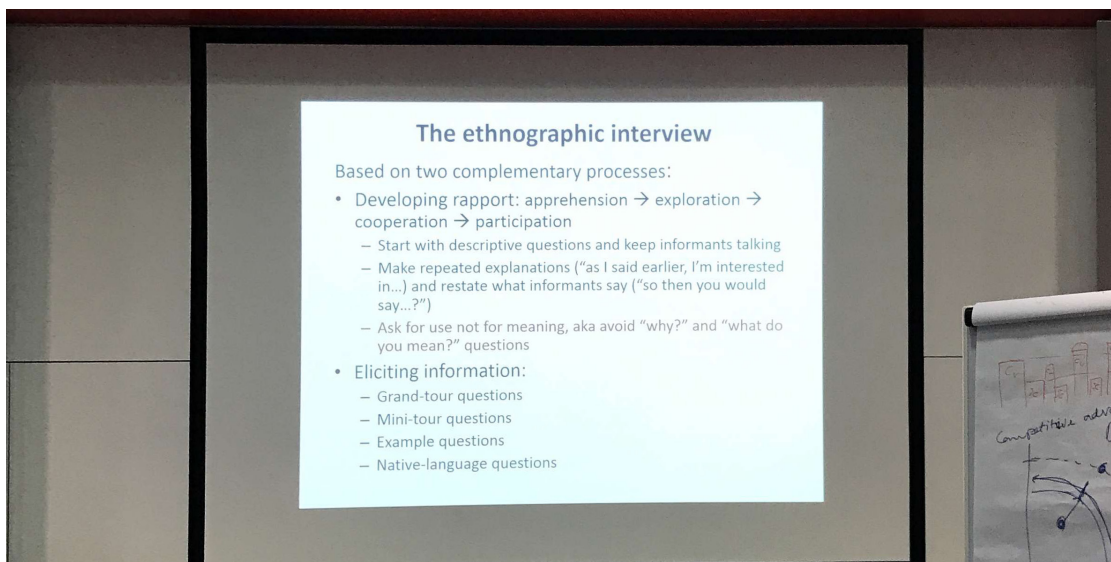


This is an example of the thematic analysis on where service design capabilities inside the HJ bank. I designed and created this as a conversational tool in my PhD supervisions and evaluation with other service design.

Appendix 10 Research training program pictures



This is a photo example of the design research methodology training programme at RCA. I took this photo at the training session delivered by Professor Stephen Boyd Davis and Dr. Dan Lockton, introducing the design research at RCA.



This is a photo example of the qualitative research training programme at Imperial Business School. I took this photo at the training session delivered by Dr. Marcus Perkman and Dr. Ileana Stigliani from Imperial Business School.

Appendix 11 Project One Brief

All names, including the bank brand and individual staff from the bank, have been replaced with pseudonyms from the original project brief.

HJ bank – 360o student mortgage project

HJ bank is a UK-based banking and financial services company. Headquartered in Edinburgh, they serve 24 million personal, business and institutional customers in the UK, Europe, the Middle East, the Americas and Asia. They have almost 115,000 employees and provide a wide range of products and services to personal, commercial and large corporate and institutional customers through their two main subsidiaries.

HJ bank has declared that their future depends on the future of their customers and they aim to ensure that this ethos runs through the bank – from the boardroom to their branches. In 2013, they spent time with colleagues across the bank debating what should be at the core of their ambition; to build a bank known for its consistent, high quality customer service. They agreed on a single, simple purpose – to serve customers well. HJ bank want to be trusted, respected and valued by their customers, shareholders and communities.

Mortgage market

In the UK, getting a mortgage is a key that unlocks a multitude of social and economic benefits from the existential security of ‘owning your own castle’, to the more direct benefits of lower interest rates, a potentially growing asset and a natural mechanism to help you save for the future as you pay off your loan. On the other hand, property prices in the UK are at a record high as the market responds to a wide range of factors including low supply, low interest rates and increasing demand.

This project provides you with an opportunity to reinvent the way in which HJ bank supports and develops future customers by creating a service that builds financial skills and social capital in young people, develops trust between HJ bank and its future customers, encourages new forms of saving and lending around a variety

of 'home assets' and ultimately aims to build a long term and mutually beneficial relationship between HJ bank and the communities that it serves.

Goal:

You will work in small teams to develop an improved mortgage service for young people that changes the way they learn about saving, borrowing and home loans; helps them to transform their opportunities for home ownership by building new financial skills and supports them in identifying opportunities for building home assets.

Scope:

- Work with the mortgage team and other stakeholders at HJ bank to understand the existing products and services that HJ bank offer to young people and their families, together with the current insights that the team have related to this area of their business.
- Map out the existing user experience for a number of young people around accommodation and other financial expenses and identify problems, challenges and opportunities that exist within these current experiences.
- Identify key stakeholders (both in the community and within HJ bank) who help or hinder young people on their journey from rented accommodation to home ownership.
- Use co-design workshops to identify opportunities for design interventions either by tackling the existing service experience or creating a new design approach. You will need to plan and show us how you intend to engage with users so that HJ bank can help you to recruit effective customer panels. Consider a range of stakeholders for these workshops to get the most from this valuable time.
- Use feedback from these sessions to develop a greater degree of specification than your earlier projects, validating your design solutions with key stakeholders.

- Design a service experience that is highly granular so that it can be delivered by HJ bank and other partners that you might identify.
- Build a functional prototype for all or one specific part of the service and visualise/describe the rest of the service experience and user journey.
- Test your design proposition with users, before documenting the service with a detailed blueprint and a viable deployment plan.
- Describe a business model that demonstrates that the service could be commercially feasible, either through return on investment or return on social capital.

Project Deliverables

You will be expected to present a clear set of deliverables at each project tutorial. You should start the project with a scoping exercise to agree the boundaries of the brief and a detailed project plan outlining the activities that you need to undertake to complete the project successfully.

Tutorial 1 / 2 / 3

Discovery and definition, building on existing research and refinement of insights, challenges and opportunities to develop a clear and fully refined opportunity statement

Tutorial 4

Development, including creative and inclusive prototypes of service solutions, evidence of innovative design solutions across the whole customer journey, a clear and compelling value proposition and effective methods that validate and improve design solutions

Tutorial 5

Deployment, including documenting the service with a detailed blueprint, a viable deployment plan and a sustainable business model

Presentation, including clarity of delivery and use of creative communication techniques

Key considerations

Rather than thinking about mortgages as a product created by the bank think of financial services from the perspective of a young person and their view of life – a 360 degree perspective on financial health and security rather than a utilitarian product or service.

Consider the assets (not just financial) that a young person might have and how these can be developed to support their transition from renting to owning a home asset – even if it is partial or perhaps relatively temporary asset.

See the project as an opportunity to understand and build financial health in the same way that young people might build physical, mental and social capital. HJ bank is keen to use this project to support their customers in developing financial literacy as well as helping their staff develop empathy and more personal relationships with the communities that they serve.

Think of home ownership as a journey through life and that mortgages and loans may act as bridges along this journey all the way from student housing (shared spaces) through to retirement.

How might this new service disrupt the power balance between developers & landlords and the real communities that HJ bank serves?

What are the new paths and forms of ownership that are emerging and disrupting the existing market?

Timeline

Project Launch

14 Apr 2015 10:00 to 12:00, Dana Study, 2nd floor

Tutorial 1 - discovery

Gus: 22 Apr 2015 14:00 to 18:00

J Paul: 27 Apr 2015 14:00 to 18:00

Tutorial 2 – discovery /definition

Gus: 8 May 2015 10:00 to 14:00

J Paul: 11 May 2015 14:00 to 18:00

Tutorial 3 - definition

Gus: 13 May 2015 10:00 to 13:00

J Paul: 15 May 2015 14:00 to 18:00

Tutorial 4 - development

Gus and J Paul: 27 May 2015 14:00 to 18:00

Tutorial 5 – delivery and presentation

Gus and J Paul: 10 Jun 2015 14:00 to 18:00

Final Presentations

17 Jun 2015 10:00 to 17:00, Dana Study, 2nd floor

Partner Liaison

■ a HJ bank staff

Final Reviews

Each team will have a maximum of fifteen minutes to present your design proposals to the panel. We'll provide feedback on what you did well and where you can improve.

You will then be expected to provide a digital output from your project that can be used on your personal websites as part of your portfolio. This will be referred to during your final exam and you're encouraged to upload your work to the RCA Now website - <http://www.rca.ac.uk/showcase/rcanow/>

In order to get a better understanding of the elements you'll be assessed on at the interim and final exams, and that we take into consideration at all review please refer

to our programme handbook on our Google Drive.

Summer Design Project 2015

Some Useful Resources:

Rightmove Students – Student attitudes to the housing market -

<http://www.rightmove.co.uk/news/articles/property-news/rightmove-students-student-attitudes-to-the-housing-market>

Young people in UK increasingly giving up on owning a home -

<http://www.theguardian.com/money/2015/apr/07/young-people-uk-increasingly-giving-up-owning-home-halifax-survey>

HJ bank purpose and values

Our future is not about us, it's about our customers.

We need to ensure that this ethos runs through the bank – from boardroom to branch. In 2013, we spent time with colleagues across the bank debating what should be at the core of our ambition; to build a bank known for its consistent, high quality customer service. We agreed on a single, simple purpose – to serve customers well. We want to be trusted, respected and valued by our customers, shareholders and communities. To do this we have put a common set of values at the heart of how we do business. Our values are not new, but capture what we do when we are at our best.

Our Purpose: Serve customers well

Vision: We want to be trusted, respected and valued by our customers, shareholders and communities.

Our Values: Serving customers

We exist to serve customers. We earn their trust by focusing on their needs and delivering excellent service.

Working together

We care for each other and work best as one team. We bring the best of ourselves to work and support one another to realise our potential.

Doing the right thing

We do the right thing. We take risk seriously and manage it prudently. We prize fairness and diversity and exercise judgement with thought and integrity.

Thinking long term

We know we succeed only when our customers and communities succeed. We do business in an open, direct and sustainable way

Appendix 12 Project Two Brief

Some names, including the bank brand and individual staff from the bank, have been replaced with pseudonyms for the confidential purpose.

HJ Bank: Commercial Lending

Background

HJ Bank is a UK-based banking and financial services company. Headquartered in Edinburgh, they serve 24 million personal, business and institutional customers in the UK, Europe, the Middle East, the Americas and Asia. They have almost 115,000 employees and provide a wide range of products and services to personal, commercial and large corporate and institutional customers through their two main subsidiaries.

HJ bank has declared that their future depends on the future of their customers and they aim to ensure that this ethos runs through the bank – from the boardroom to their branches. In 2013, they spent time with colleagues across the bank debating what should be at the core of their ambition; to build a bank known for its consistent, high quality customer service. They agreed on a single, simple purpose – to serve customers well. HJ bank want to be trusted, respected and valued by their customers, shareholders and communities.

The focus of this project is commercial lending – especially lending to small and medium enterprises (SMEs) including new ventures and high tech start-ups.

Small business Lending is an important consideration for a high growth economy and a reduction in the capacity to lend to smaller business had a very adverse effect on the overall economy and unemployment following the 2008 financial crisis. As one of the UK's big four banks HJ bank was supported by the UK Government during the financial crisis and the government now owns around 80% of the company. HJ bank is deeply committed to enabling effective and responsible lending to businesses, especially the SMEs so as to help not only its own business to grow but to support growth in the UK economy.

The experience however for small businesses, and particularly start ups is mixed and HJ bank is seeking to reach out to new commercial borrowers, and create a strategic partnership with potentially high growth new ventures, as well as support more established businesses who need to finance their growth, nationally and internationally. Our task is to examine current lending practices and user experiences and propose. We should take into consideration the HJ bank Entrepreneurial Camp Programme. HJ bank created Entrepreneurial Camp to develop entrepreneurs who have a “can do” attitude with a solid grasp of how to create value...which makes them investable. The [REDACTED] Programme provides mentors, ambassadors and supporters, workshops, pitch practice and a full time ‘entrepreneurial enabler’ the focus is on the individual. It is now the world’s largest free business accelerator for early stage and growing ventures.

Scope

- Work with the Commercial Lending team and other stakeholders at HJ bank to understand the existing products and services that HJ bank offer to SME.s and understand the current insights that the HJ bank team have gathered related to this area of their business.
- Map out the user experience for a number of SMEs around financing their business and identify problems, challenges and opportunities that exist within these current experiences.
- Identify the key stakeholders (both in the business community and within HJ bank) who help entrepreneurs and businesses on their journey from business plan to high growth business, or for established SMEs to help them finance new growth opportunities for their business.
- Use co-design workshops to identify opportunities for design interventions either by tackling the existing service experience or creating a new design approach. You will need to plan and show us how you intend to engage with users so that HJ bank can help you to recruit effective customer panels.

Consider a range of stakeholders for these workshops to get the most from this valuable time.

- Design a service experience that is highly granular so that it can be delivered by HJ bank and other partners that you might identify.
- Build a functional prototype for all or one specific part of the service and visualise/describe the rest of the service experience and user journey.
- Test your design proposition with users, before documenting the service with a detailed blueprint and a viable deployment plan.

Project Phases

You will be expected to present a clear set of deliverables at each project tutorial. You should start the project with a scoping exercise to agree the boundaries of the brief and a detailed project plan outlining the activities that you need to undertake to complete the project successfully.

We will have regular Tutorials with Nick de Leon, Neal Stone and Sam from HJ bank, along with your visiting tutors including Joe Ferry, Ben Reason. The following are for your guidance rather than prescriptive deliverables for the following tutorials and internal reviews

Project Tutorials 1 and 2

Discovery and definition: building on existing research and refinement of insights, challenges and opportunities to develop a clear and fully refined opportunity statement and key design considerations which will guide the ideation phase

Project Tutorial 3

Ideation: Development of overall concept or alternative concepts, including any prototypes of service solutions, showing evidence research

Interim Review

Presentation of selected service concept and overall value proposition for key stakeholders and review of planned methods to validate the proposed concept

Tutorial 4

Prototyping and Deployment: including documenting the service with a detailed blueprint, prototypes of key touchpoints and a viable deployment plan and considerations for a sustainable business model

Final RCA review

Presentation of the design concept to an internal audience describing the proposition

HJ bank Management followed by an Executive Review

This will follow on to the internal review and will be to the key executives in HJ bank responsible for commercial lending

Deliverables

Service System proposal including service blueprint, prototypes of key physical and digital touchpoints, outline business plan, recommendations on resourcing and organisation, evidence for solution based on research of needs and validation by key stakeholders, and potential business impact assessment, Please note that is not a definitive set of deliverables but a guide as to the important components for you to consider in your final recommendations and proposal.

Key dates and Milestones (subject to change)

Project Launch Briefing	Tuesday 13 October
Detailed Briefing by HJ bank	Tuesday 20 October
Visit to HJ bank HQ and internal workshop	Wednesday 4 November

Co-creation workshop(s) with key stakeholders	TBC
Interim Review	Wednesday 25 November
Internal Review of Proposition	Wednesday 9 December
Presentation to HJ bank	Wednesday 16 December
HJ bank Executive Review	January (TBC)

Key Partners and contacts



Design and Transformation Lead, HJ bank