Ethnomethodology for Service Design Experiments:

Involving Students in Knowledge Creation

By

Emmanuel Fragniere (University of Bath and HEG) and Marshall Sitten (University of Geneva and HEG)

Presenting author Marshall Sitten
University of Geneva
Avenue Devin-du-Village 7,
CH-1203 Geneva, Switzerland
E-mail : marshall@flashing12.net

Abstract

A service experience corresponds to a social process whose "production" involves both provider and client. This production process leading to a problem resolution does not follow a linear sequence as it is in the case of industrialized organizations. Through ethnomethodology, we are able to "tangibilize" the social codes and systems of beliefs that drive the service experience. Then through scriptwriting and role-plays, we redesign, safeguard (risk management), price, and test the new service. After 3 years of applying this approach in our Service Lab, hundreds of students in business have been introduced to the process of ethnomethodology and have designed their own services. To illustrate the approach, we present in this paper 2 major service design scenarios filmed by the Swiss national television (www.tsr.ch, available in French).

Context

Until recently, most service enterprises have employed industrial models for designing service experiences, with an emphasis on cost control, rapid task execution, and standardization. This model, which relies less on the "co-creation" of service value by knowledgeable, empathetic service providers than it does on a "Tayloresque" simplification and efficiency mode, is no longer relevant. In today's growing service economy, it is essential for service providers to understand the important roles that creativity, empathy, and implicit knowledge play in service co-production in order to meet the demand for highly customized, expertise-dependent service experiences.

A service acquires value once the client perceives the benefits of it. Today most of these salient attributes are perceived during the service experience itself, when the process of service co-creation occurs between the client and the service provider. As a result, when designing a service experience, the full scope of cultural, operational, and experiential contexts from the perspectives of both the service provider and the client are needed.

We have developed a methodology for designing service experiences that adopts the following process:

1. Ethnomethodology through immersion and semi-directed interviews to identify the salient attributes of a given service experience.
2. Development of a service experience script which "tangibilizes" the main service attributes of the experience
3. Role play based on the script in order to visualize the problem resolution offered by the service
4. Development of "operating modes" and integration with real production of the service experiences based on the role plays and rehearsals involving the sponsor

This approach has been employed during the last 3 years in our Service Lab at HEG (a large space fully equipped to stage and produce services in a realistic manner). The main objective of the Lab is to train students in the practice of service science, and to examine the service design methodology in a variety of contexts. It has also enabled us to become designers for service companies. This method focuses its efforts on service design primarily for front-line employees, including those functional roles which interact with clients and participate directly in value co-creation and service delivery; they would seem to be the most logical point of insertion. Managers and other high-level executive positions are not as directly accountable to the client stakeholder groups, and so are not as relevant.

In this paper, we explain the notion that for such a challenging, multi-faceted, multi-stakeholder environments as a private and public sector services, an ethnomethodological study of the workplace environment – analyzing the "taken for granted" aspects of daily, routine service interactions (also referred to by the Swiss as "l'habitude") – can produce a useful method for assessment, measurement, and improvement of the process of service co-creation. To illustrate our approach, we present two service scenario role-plays that were designed by our Service Lab and were filmed by Swiss national television: "*The Shareholders' Meeting,*" and "*Is There a Banker in the Bank?*" The first scenario was a shareholder meeting for a fictional company which was facing harsh criticism from shareholders, accusing the Board of Directors of financial misconduct. The fictional Board of Directors was comprised of several experts with relevant experience who were able to contribute to the development of the role play script as well as act in the role play itself. The audience was infiltrated by several actors, trained and led by a professional Swiss director, who provided the perspectives of several different types of disgruntled shareholders at key points throughout the role play.

The second scenario, "*Is There a Banker in the Bank?",* illustrated the behavior of a group of bank executives upon learning that their clients were being offered a tax amnesty in their home country. The scenario, which was again informed by an intense ethnomethodological study involving bank executives, illustrated the internal service problems that arise when incentive structures are not changed to adapt to new environmental conditions.

This process, further illustrated in a more thorough explanation of the examples mentioned above, provides both a methodological basis for the design and improvement of services as well as an opportunity for students to join in the process of knowledge creation. Since these examples are open-ended scenarios and not closed case studies, students are able to take part in the process of service design, collaborating on the ethnomethodological analysis, script development, and role-play of the service scenario itself.

This paper is organized as follows. In the Literature Review section, we briefly present some elements of Service Science to understand the peculiarities of service production. In the Methodology section, we show how we are employing ethnomethodology to design services. In the Case Study section we present two major designs that we realized with our business students, and that have been filmed by the Swiss television network TSR. In the Conclusion section, we explain once more our methodology and provide directions for further research, including possible applications to the public sector.

Literature Review

Service Science is a new academic emerging field that attempts to better address the peculiarities of service production. We present in this section some major findings that will help the reader to understand the important role that ethnomethodology can play in Service Science (Fragnière, 2009).

While critical of the limits of the definition, Gummesson and Lovelock (2004) acknowledge that "services" are most widely differentiated from goods by their "IHIP" characteristics: Intangibility, Heterogeneity, Inseparability, and Perishability. Goods are tangible, as they represent a transfer of ownership from the producer to the consumer; a service acquires value once the client perceives the benefits of it, but the substance of service itself is not necessarily physically tangible (Parasuraman et al., 1985). Service, which produces results based on a process of co-creation between the client and producer, is heterogeneous because of the unique interactions between client and producer (Lusch and Vargo, 2004). Since the salient attributes of the service – the service value itself – are perceived simultaneously at the moment of production, delivery, and consumption, they are said to be "inseparable." And finally, since service benefits are necessarily consumed at the time of production – such as medical care, or legal advice – they are considered perishable (Wild, 2007).

The IHIP model applies chiefly to the private sector environment of services. In the public sector, this concept is complicated by the decoupling of direct incentives between the service provider and the consumer (Besly and Ghatak, 2003). Since there is not necessarily a direct link between the agents of co-production in a public service environment (for example, a doctor in a public clinic is not necessarily being paid for services by the patient, but rather by the government), the relationship of co-creation can be more difficult to examine, and frameworks for service design and improvement can be more difficult to develop (Chen et al, 2004).

Until relatively recently, most service enterprises have employed industrial models for designing service experiences, with an emphasis on cost control, rapid task execution, and standardization (Levitt, 1976). The production of highly customized, expertise-driven services was viewed as an impediment to efficiency and effectiveness, and prone to excessive variance in quality and delivery. In a move towards the "Organization as Machine" metaphor in Gareth Morgan's *Images of Organization*, enterprises increased their use of technology – either "hard" technology in the form of vending machines, self-service checkout counters, or drive-thru windows, or "soft" technology in the form of packaged services and industrialized service processing – as a way to deliver services in a speedy and highly standardized manner.

The McDonald's fast-food restaurant chain epitomizes this notion in its application of the Taylor scientific management model, which emphasizes standardization of processes and the strict adherence to best practices (Chase and Apte, 2007). Every McDonald's restaurant is operated according to strict sets of guidelines which dictate every part of service production, from the preparation of the food to the interactions with the customers. In this example, the quality of the "service" is judged by the speed of production and the consistency of the end product. It is not a service product intended to provide heavy customization, nor is there expected to be a trust relationship. Consequently, the McDonald's service culture is designed specifically to enforce and improve efficiency along these Taylor-esque lines, and this culture is introduced at McDonald's own training facility, "Hamburger University."

A slightly different example of the industrialization of services is the online retailer Amazon.com. According to its Q4 2010 Financial Report (http://bit.ly/exTT1Q) Amazon earned $34.20 billion in net sales in 2010, and its profile in CrunchBase (http://bit.ly/eEBhEZ) displayed over 64 million customers at the end of 2006. Without the benefits of technology, process standardization, 24-hour purchase availability, highly sophisticated logistics operations, and a "virtual" customer support service, would such a huge customer base be possible for a retailer? What if each sale required an interaction between a live human being and the consumer, as in the early days of the Home Shopping Network?

As Chase suggests in *The Customer Contact Approach to Services* (1981), a ratio of service efficiency exists such that the potential facility efficiency is a function of the customer contact time divided by the service creation time. Therefore, a service like Amazon.com – which runs on a website 24 hours a day and requires no live interaction with the customer at all in order to complete a transaction (indeed, interaction is *only* necessary when there is some difficulty with the transaction, and even then some difficulties can be solved through the built-in automated help) – operates at near-perfect efficiency according to Chase's service model.

However, despite a more educated and discerning consumer who, with the help of Internet search engines, social media, and consumer activism blogs (such as www.consumerist.com) are much more aware of the competitive product and service landscape, firms and organizations have still relied primarily on a Taylor model of cost reduction and operations-driven management (Grönroos, 1993). Grönroos states that firms who place a primary importance on operating efficiency create a set of incentives that eventually damage overall customer satisfaction.

In working towards a notion of "service management" which takes a holistic view of the client's overall satisfaction with the delivery of a service, and seeks to adjust all organizational functions to the pursuit of this goal, Grönroos illuminates the need for service science as a way to fully understand the nature and value of co-production. In today's growing service economy, it is essential for service providers in both the private and public sectors to understand the important roles that creativity, empathy, and implicit knowledge play in service co-production in order to meet the demand for highly customized, expertise-dependent service experiences (Spohrer, 2007 and Spohrer, 2008).

Most discussion of service science has grown out of debate over the effectiveness of scientific management and the shift from a "goods-dominant logic" to a "service-dominant logic" (Vargo and Lusch, 2004), and has therefore been mostly applicable to the private sector. Consumers pay for goods or services directly to the producer, and so the relationship of co-creation between the consumer and the service producer comes with a classical set of expectations, incentives, and accountability (Vargo, Maglio, and Akaka, 2008). If John pays Jane for legal advice, Jane is incentivized to provide a quality service experience out of self-interest. As the producer, Jane is directly accountable to John the consumer, and the success of her business relies upon his perception of what is received for the money he pays.

In "Ethnomethodology's Program" (Garfinkel, 1996), Harold Garfinkel defines ethnomethodology as follows:

"Ethnomethodology's fundamental phenomenon and its standing technical preoccupation in its studies is to find, collect, specify, and make instructably observable the local endogenous production and natural accountability of immortal familiar society's most ordinary organizational things in the world, and to provide for them both and simultaneously as objects and procedurally, as alternate methodologies"

When designing a service experience, the full scope of cultural, operational, and experiential contexts from the perspectives of both the service provider and the client are required. A full understanding of these concepts is important not only for the design of the service experience itself, but for the creation of key performance indicators (KPIs) and other feedback mechanisms which allow for the continual evaluation of the success of the service being provided (Hoefer, 2000). Mechanisms such as balanced scorecard evaluation necessarily depend on valid, relevant assessments of operating modes, which can only be formulated with an in-depth understanding of the contexts in which the services are being provided.

Methodology

The HEG Service Lab has developed a methodology for observing and designing service experiences that adopts the following process (Catenazzo and Fragniere, 2010):

1. **Ethnomethodology through immersion and semi-directed interviews *in situ* with service providers and service consumers in order to identify the salient attributes of a given service experience**

Observational immersion in the everyday rituals of the service environment can yield key insights into an organization, its culture, and how seemingly-irrelevant characteristics can influence service scenarios. By journaling the paths of both the service providers and the client through the service environment, we can see what explicit and implicit factors are at play in building the atmosphere in which service co-creation occurs. Observations such as:

- Where are the offices positioned? How are they furnished?
- How are employees dressed? How do they speak with customers?
- How do service providers speak with one another? What jargon do they use with the clients and amongst themselves?

can lead to insights into important cultural and environmental factors which might not be consciously apparent to those on either side of the service relationship.

In order to gain an understanding of the conscious elements of the service environment, it is important in this phase to perform semi-directed interviews of service providers, staff, and clients. The interviews are semi-directed in nature, using a general framework as a departure point but allowing for improvisation and exploration as the interview process uncovers new and unexplored territories for discussion. It is important that these interviews be used to learn about the characteristics of the service culture of which the stakeholder groups are aware: For example, awareness of company policy, feelings about customers and co-workers, learned behaviors and career paths, and “tricks of the trade”.

The interviews must be conducted *in situ* in order to properly capture the salient elements as they occur in their natural surroundings, to capture the “habitude” of the service environment.

2. Development of a service experience script which "tangibilizes" the main service attributes of the experience

Once the information from the interview and observational immersion phase is processed, certain salient elements about the service interaction become apparent. These attributes – the key elements which constitute a successful service interaction – allow us to design a “script” which renders tangible the previously covert, unidentified aspects of a particular service scenario. This script is paced and written out so as to reproduce the service scenario’s most important elements, and developed in a fashion similar to a scene in a play or film.

3. Role play based on the script in order to visualize the problem resolution offered by the service

With the help of trained theatre directors, actors, student collaborators, and collaborators from the sponsor and one or more of the stakeholder groups, the service scenario is re-enacted using the fully developed script. Multiple scripts can be used for the purpose of experimentation, reproducing variable, testable elements of a particular service experience.

Students and participants are able to review the service interaction as it is replayed, noting the important interactions and “beats” which occur during the role play. Qualitative analysis is performed and discussed amongst the stakeholders, participants, and sponsors; survey research can be performed during and after each role play, if other non-collaborating observers are asked to participate and confounding variables are minimized as much as possible (we acknowledge that some aspects of the role-play, such as environment, timing, “office realism” or other factors, might not be able to be compared to a fully realistic scenario).

4. Development of "operating modes" and integration with real production of the service experiences based on the role plays and rehearsals involving the sponsor

This approach has been employed during the last 3 years in the Service Lab. The main objective of the Lab is to train students in the practice of service science, and to examine the service design methodology in a variety of contexts. It has also enabled students to become designers for service companies.

Case Studies

Two service scenarios which have been successfully executed by the HEG Service Lab using this method were designed by the students and collaborators of the Service Lab and were filmed by Swiss national television: "*The Shareholders' Meeting,*" (Catenazzo and Fragniere, 2010) and "*Is There a Banker in the Bank?*"

The first scenario ("*The Shareholders' Meeting")*, a general assembly meeting for a fictional company whose management was facing harsh criticism from various groups of shareholders, was staged in a small auditorium in the Federation des Entreprises Romandes before an audience of approximately 200 non-participant attendees.   These groups of shareholders were, as illustrated in this scenario, accusing the Board of Directors of incompetence and financial misconduct. The fictional Board of Directors was comprised of several experts with relevant experience who were able to contribute to the development of the role play script as well as act in the role play itself. The audience was infiltrated by several actors who were trained and led by a professional Swiss director; these actors provided the perspectives of several different types of disgruntled shareholders at key points throughout the role play.

As the role play commenced with announcements and a call to order by the fictional board, several members of the audience presented themselves to the board as scripted. The actors, who had previously researched and rehearsed their roles using information gleaned from the ethnomethodological assessments, presented the perspectives on behalf of each of the groups of stakeholders. Each speaker adopted a different tone, some more confrontational and provocative than others, accusing the Board of withholding dividends in order to drive up the company's stock price and attract a buyout. After several minutes of back-and-forth dialogue between the board and some of the shareholders, a "scene break" was called, and audience members were asked to use rating cards to assess how they felt about specific aspects of the scenario. This pattern was repeated twice more.

The purpose of this exercise was less to teach a specific lesson based on a specific, previously-predicted or arranged outcome; rather, it was to involve the audience in an exploration of the shareholder's meeting as a form of service environment, and to show how powerfully non-scripted outcomes and breakthroughs can emerge from the emotional and intellectual reactions to scripted role plays.

The second scenario, "*Is There a Banker in the Bank?"* illustrated the behavior of a group of bank executives upon learning that their clients were being offered a tax amnesty in their home country. The scenario, which was again informed by an intense ethnomethodological study involving bank executives, illustrated the internal service problems that arise when incentive structures are not changed to adapt to new environmental conditions in the financial markets and corporate culture.

A group of bankers – played in this case by students and student actors – are gathered in an emergency meeting to discuss the problem of a tax amnesty in Italy which may affect their clients' portfolio values. Each of the students is to take on the role of a different banker whose clients are facing different circumstances as a result of this new legal situation.

Throughout the role play, the audience witnesses a variety of different reactions to the news. Some of the wealth management agents consider helping their clients comply with the law. Others weigh the cost and risk of misinforming their clients to make sure that they do not lose their bonuses. And still yet others consider temporarily withholding information, at least until it becomes impossible to do otherwise.

The purpose of this role play was not to paint bankers as "evil", nor as callous operators indifferent to legal and ethical constraints; rather, it was to show, through their dialogue and interaction, that a key part of organizational culture had not shifted to meet the new consumer landscape. The employer, the bank itself, had not adapted its bonus structure or other mechanisms to make sure that their employees were incentivized to behave in the interest of their clients. Instead, the old incentives remained in place, guaranteeing that even though there was a new regulatory or economic reality for the bank's clientele, the bank's own workforce were still playing according to old rules – thus risking the financial health of the bank and of the bank's clients.

In each case, the role-plays were developed using a combination of semi-directed interviews with the relevant staff members and consumer-side stakeholders; behavioral observation and environmental study of the locations where the service is delivered; and consultation with subject-matter experts.

Conclusion

The aim of this work is to test the effectiveness of this new application of ethnomethodology to the design of services which meet three qualifying conditions:

By conducting semi-directed service interviews with service providers and service consumers (on both ends of the same co-production scenario), building “scripts” based on the results of these interviews, and by reproducing and reenacting these scripts with the active participation of the sponsor, we hope to demonstrate the following:

- That stronger service development in the public and private sectors can be achieved by reaching a deep understanding of the salient attributes and relevant operating modes achieved through in-depth ethnomethodological study (as opposed to pure “Taylor-esque” application of cost and efficiency controls),
- That ethnomethodology in service development informs the service development process in a way that leads to a more satisfying service experience for the consumer and the provider in both private sector and public sector contexts, and
- That an ethnomethodological approach to service development leads to the identification of strong KPIs for evaluating and reevaluating the effectiveness of a service process on an continual basis (rather than by using “hard targets”, such as “number of service calls processed per day,” or “minutes per service interaction”)

Our work so far has focused on the development of private sector services such as travel agencies, air travel, and wealth management, industries which have a clear chain of service quality and delivery incentive between the service provider and service consumer. We intend to develop this approach to include more social and public services, a realm in which we believe there is both a strong demand and clear value proposition. We think that it is also a good way to raise our students’ awareness of important social questions.

For instance we have several ongoing projects related to “soupe populaire (or “soup kitchen” in English), and “ecogeste” (environmental stewardship). In the case of the “soupe populaire”, we are attempting to employ ethnomethodology to study the various cultural settings and operating modes of soup kitchens that might affect service, such as location (is the soup kitchen in a particularly dangerous or remote neighborhood vs. a more pleasant setting), serving culture (what is the general mode of delivery? Waiting in line, table-side, self-service? Who serves the soup, and what is there general attitude and behavior towards the consumers?), and consumer culture (who receives the soup? Are there cultural complications or interactions amongst the consumers?). In this case, we are trying to assess a service which is being provided to those who are not directly paying for it; a service which is being paid for by taxpayers, donors, or religious organizations for the indirect benefit of the recipients.

In the case of "ecogeste", the challenge is to examine services which, when effectively delivered by the producer (the government or non-profit organizations), may have delayed benefits (as in the case of decreased electricity bills or product costs) or benefits to the commons (as in the case of recycling, and the reduction of toxic pollutant disposal). These services do not necessarily adhere to the same service relationship structures and principals as traditional private sector services, as they mostly involve instruction, provision of best practices and public information on how to improve one's environmental stewardship (as in www.ecogeste.info), and the "nudging" of behaviors which contribute to a cleaner, more sustainable society.

For example, encouraging supermarket consumers to not open a the glass refrigerator doors in the frozen food aisle until they have made a decision on which item they want is a form of small behavioral change which could have a greater cumulative impact. The process by which EcoGeste or similar organizations might interact with their stakeholders to learn and employ these behaviors is, in effect, a form a service. This is just one example of the types of scenarios we hope to be able to adapt our model to answer in future study.

References

Amazon | CrunchBase Profile. (n.d.). *CrunchBase, The Free Tech Company Database*. Retrieved April 15, 2011, from http://www.crunchbase.com/company/amazon

Besley, T. (2003). Incentives, choice, and accountability in the provision of public services. *Oxford Review of Economic Policy*, *19*(2), 235-249.

Catenazzo, Giuseppe and Fragniere, Emmanuel (2010). Small shareholders' control on listed companies' administrators during an annual general meeting: An experimental study. *Available at SSRN: http://ssrn.com/abstract=1673495*

Chase, R., & Apte, U. (2007). A history of research in service operations: What's the big idea? *Journal of Operations Management*, *25*(2), 375-386.

Chase, R. B. (1981). The Customer Contact Approach to Services: Theoretical bases and practical extensions. *Operations Research*, *29*(4), 698-706.

Chen, C., Yu, C., Yang, S., & Chang, H. (2004). A customer-oriented service-enhancement system for the public sector. *Managing Service Quality*, *14*(5), 414-425.

Fragnière E., "Service Innovation: Is it Part of the Service Science Discipline?", Service Science (INFORMS), Vol. 1, No. 3 , pp. i-iii, (editorial column), 2009.

Garfinkel, H. (1996). Ethnomethodology's Program. *Social Psychology Quarterly, 59(1)* pp. 5-21

Grönroos, C. (1993). From scientific management to service management: A management perspective for the age of service competition. *International Journal of Service Industry Management*, *5*(1), 5-20.

Hoefer, R. (2000). Accountability in action?: Program evaluation in nonprofit human service agencies. *Nonprofit Management and Leadership*, *11*(2), 167-177.

Levitt, T. (1976). The industrialization of service. *Harvard Business Review Case Studies, Articles, Books*. Retrieved January 31, 2011, from http://hbr.org/1976/09/the-industrialization-of-service/ar/1

Lovelock, C., & Gummesson, E. (2004). Whither services marketing?: In search of a new paradigm and fresh perspectives. *Journal of Service Research*, *7*(1), 20-41.

Maglio, P. P., & Spohrer, J. (2008). Fundamentals of service science. *Journal of the Academy of Marketing Science*, *36*(1), 18-20.

Morgan, G. (1986). *Images of organization*. Beverly Hills: Sage Publications.

Parasuraman,A., Zeithaml, V., & Berry, L. (1985). A conceptual model of service quality and its implications for future research. *The Journal of Marketing, 49(4)*, pp. 41-50.

Spohrer, J., Maglio, P., Bailey, J., & Gruhl, D. (2007). Steps toward a science of service systems. *Computer*, *40*(1), 71-77.

Vargo, S. L., & Lusch, R. F. (2004). Evolving to a new dominant logic for marketing. *Journal of Marketing*, *68*(1), 1-17.

Vargo, S., Maglio, P., & Akaka, M. (2008). On value and value co-creation: A service systems and service logic perspective. *European Management Journal*, *26*(3), 145-152.

Wild, P.J., Jupp, J., Kerley, W., Eckert, C.M., and Clarkson, P.J. (2007) Towards a framework for profiling of products and services. *International Conference on Manufacturing Research (ICMR 2007)*

"Le faux aéroport de Siemens", TTC Television Swiss Romande (http://www.tsr.ch/emissions/ttc/16189-ttc.html), March 31 2008.

"Dans la peau d'un actionnaire", TTC Television Swiss Romande (http://www.tsr.ch/emissions/ttc/20745-toutes-taxes-comprises-t-t-c.html), December 7 2009.

"Is there a banker in the bank" experiment to appear on Specimen TSR (http://www.tsr.ch/emissions/specimen/), November 17 2010.