



INVESTMENTS IN EDUCATION DEVELOPMENT

# Service System Life Cycle

Service Dominant Logic

Diamond of Diamonds

Earned Value Management

Diamond of Business Development

# Service Dominant Logic

Another context to solve usual  
business issues.

# Service-Dominant Logic

- Developed by Vargo and Lush, 2004
- Developed for marketing in service oriented economy
- Recognized as a fundamental principle within current economy development
- Described by 10 foundational premises

# S-DL Foundational Premises

- FP1 Service is the fundamental basis of exchange
  - Service is an application of competences (UKE, EC) for benefit of a party;
  - Direct exchange is the service for service exchange.
- FP2 Indirect exchange masks the fundamental basis of exchange
  - service-money-goods-service

# S-DL Foundational Premises (2)

- FP3 Goods are distribution mechanisms for Service provision
  - Goods help solve the efficient knowledge transfer problem;
  - Well designed goods accumulate great deal of knowledge and skills.
- FP4 Operant resources are the fundamental source of competitive advantage
  - Distinguish operant from operand !
  - Operant can take action ... is the service system entity (agent)

# S-DL Foundational Premises (3)

- FP5 All economies are service economies
  - ...be they hunter-gatherer, agricultural, manufacturing or service depend on human knowledge application to create benefit—that is service
- FP6 The customer is always a co-creator of value
  - Every service system entity is both a customer and provider
  - They interact to co-create value

# S-DL Foundational Premises (4)

- FP7 The enterprise cannot deliver value, but only offer value propositions.
  - Value propositions are at the heart of value-co-creation interactions
- FP8 A service-centered view is inherently customer oriented and relational.
  - a service provider's knowledge of a customer
  - quality of their relationship (level of trust)
  - ... both directly relate to the quality of value propositions that the service provider can offer

# S-DL Foundational Premises (5)

- FP9 All economic and social actors are resource integrators.
  - Three categories: Market-facing (free access), Private (privileged access), Public (shared access)
  - In creating or realizing VP with others, SS\* entities will reconfigure or integrate resources
- FP10 Value is always uniquely and phenomenologically determined by the beneficiary.
  - Value determination is contextual, history dependent, and unique to an entity (agent).



# S-DL

try to use it when evaluating particular business situations.

# Diamond of Diamonds

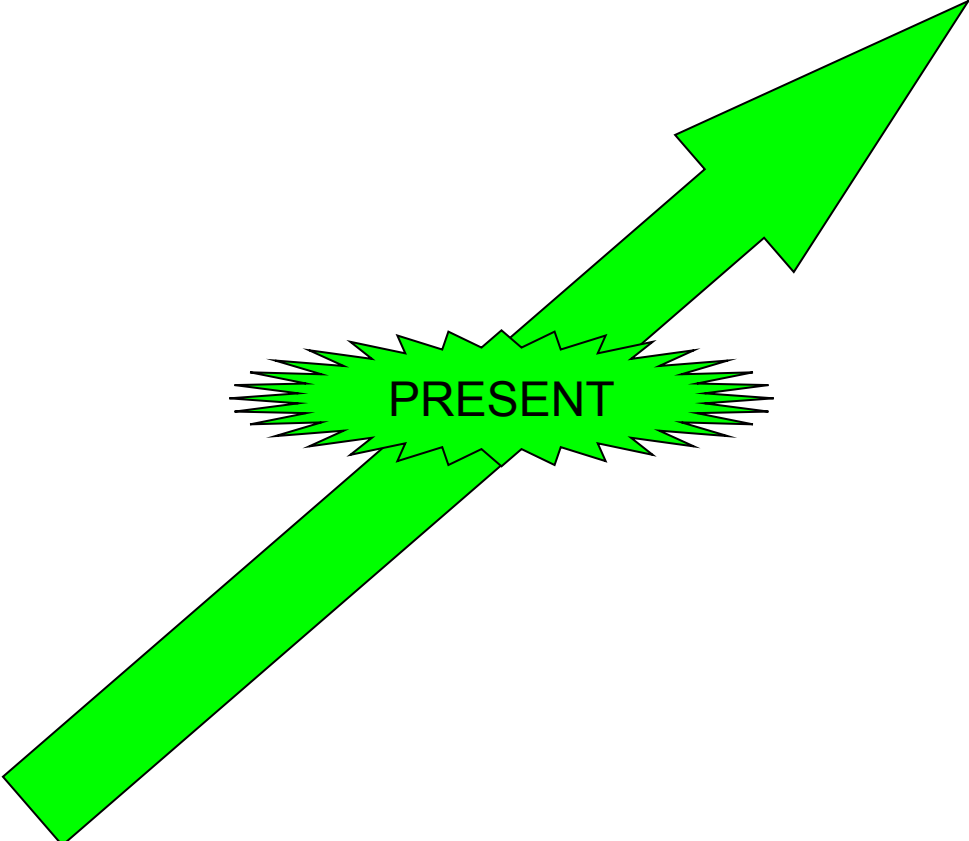
The Fifth Diamond

A possible pattern of thinking in  
MENTION-USE Logic

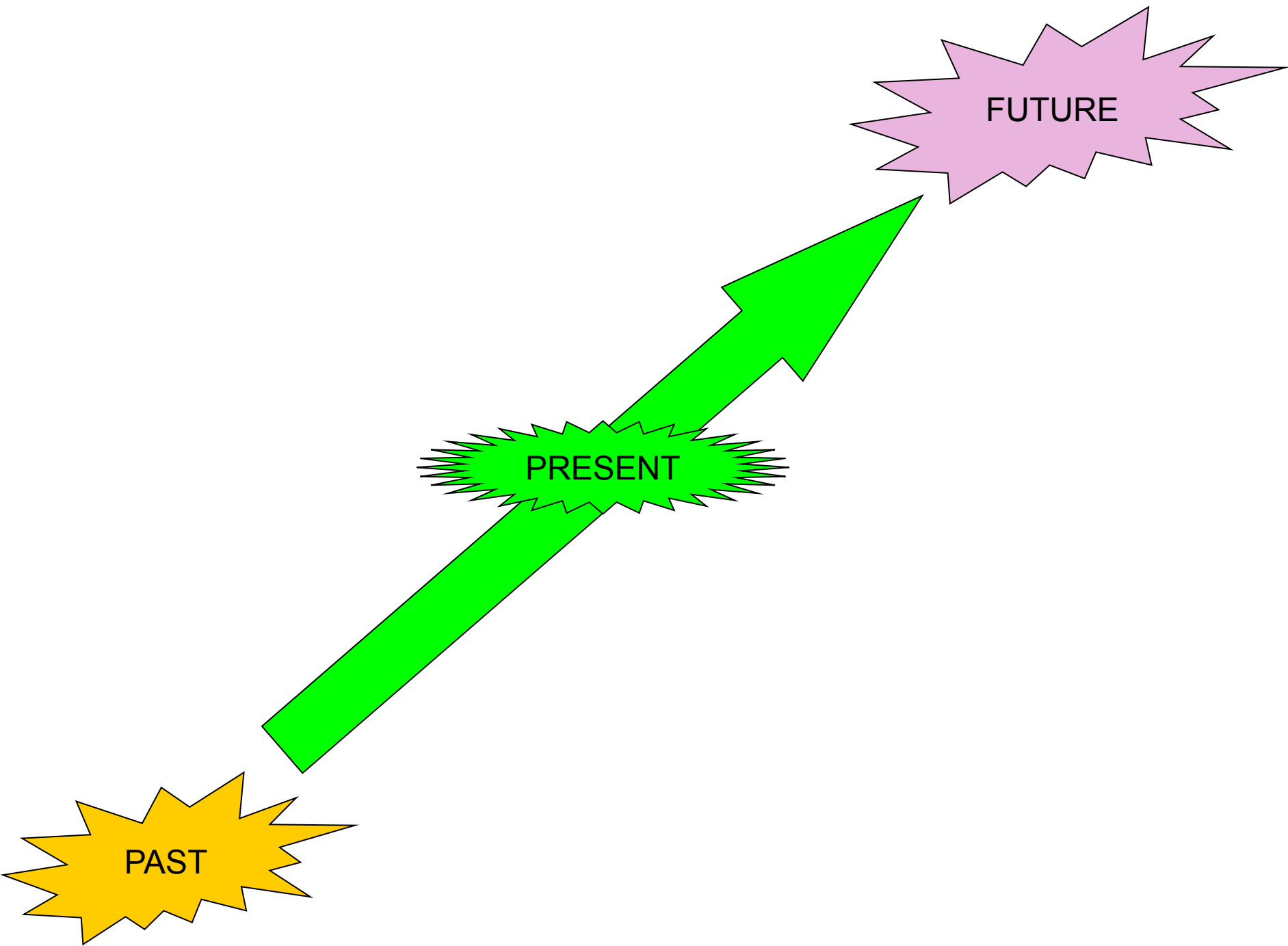
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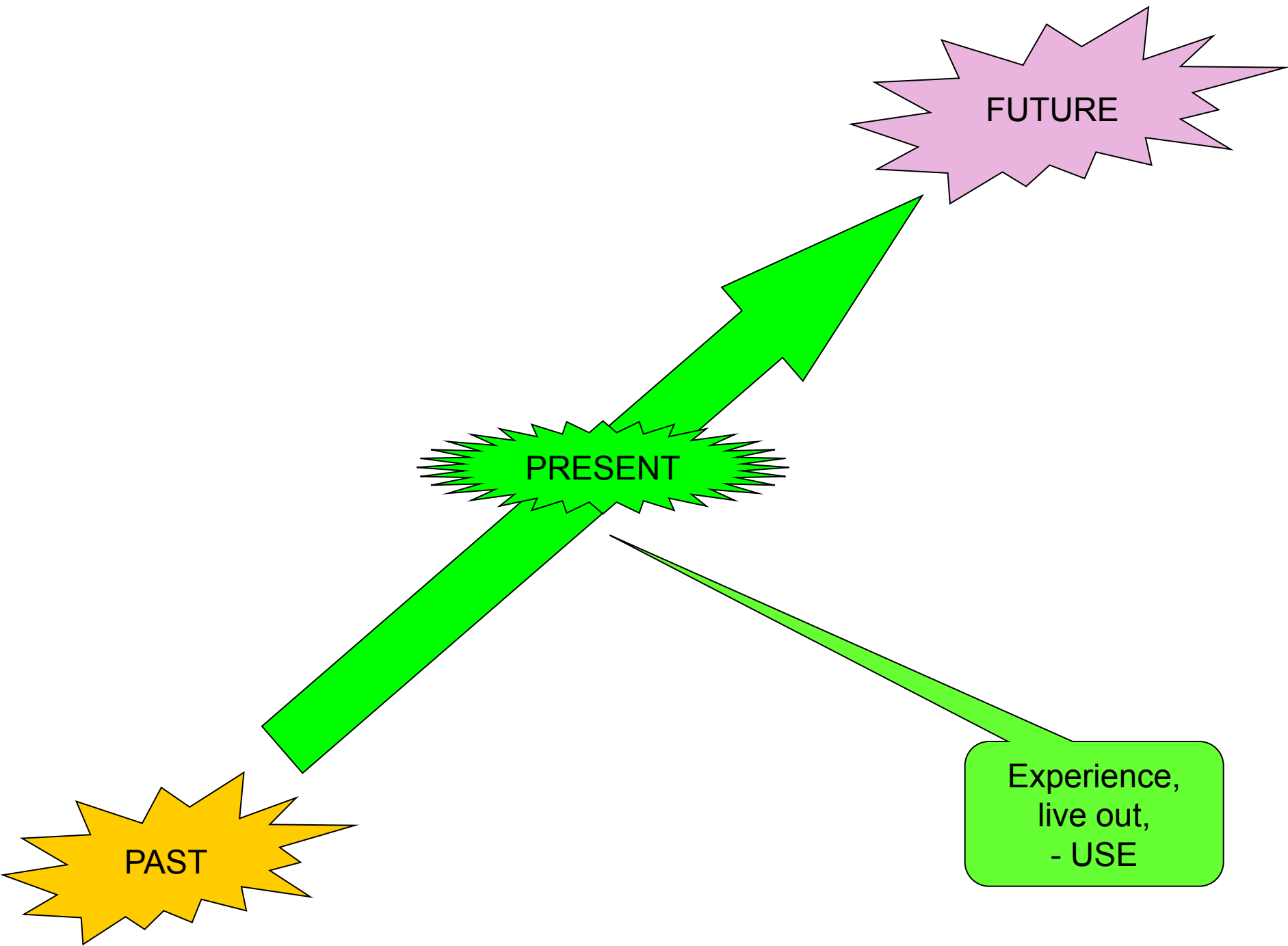
A possible pattern of S-R-O-D scheme  
utilization

PRESENT



PRESENT





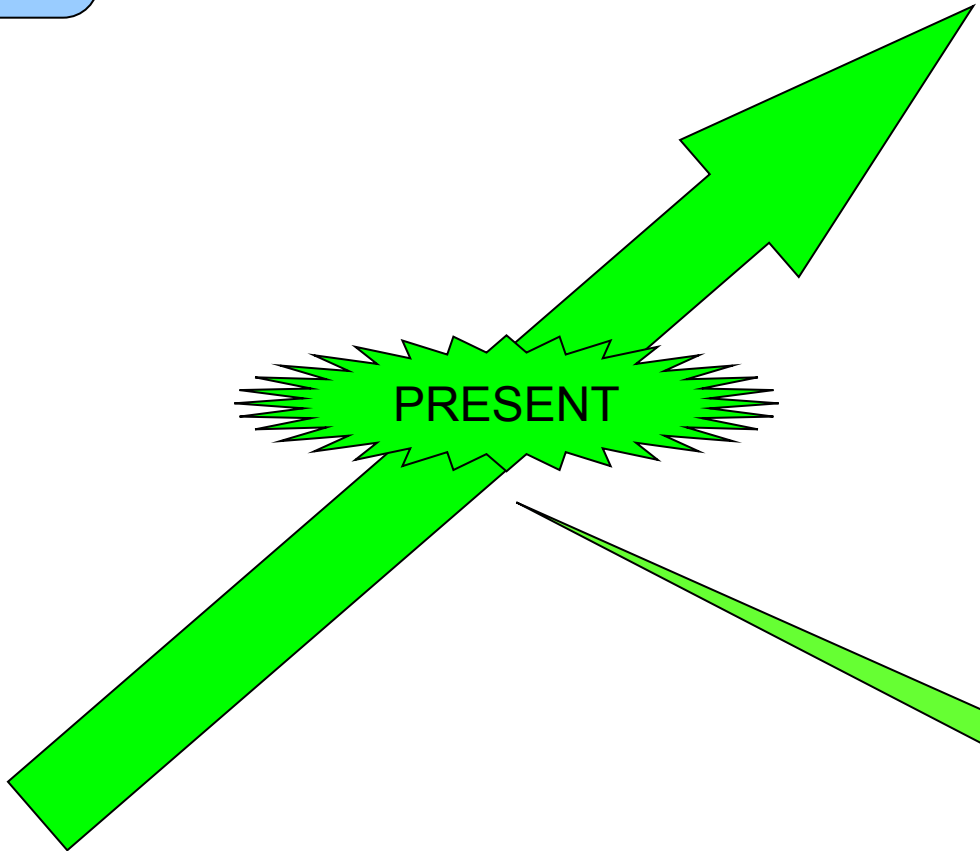
Visualization,  
think about,  
- MENTION

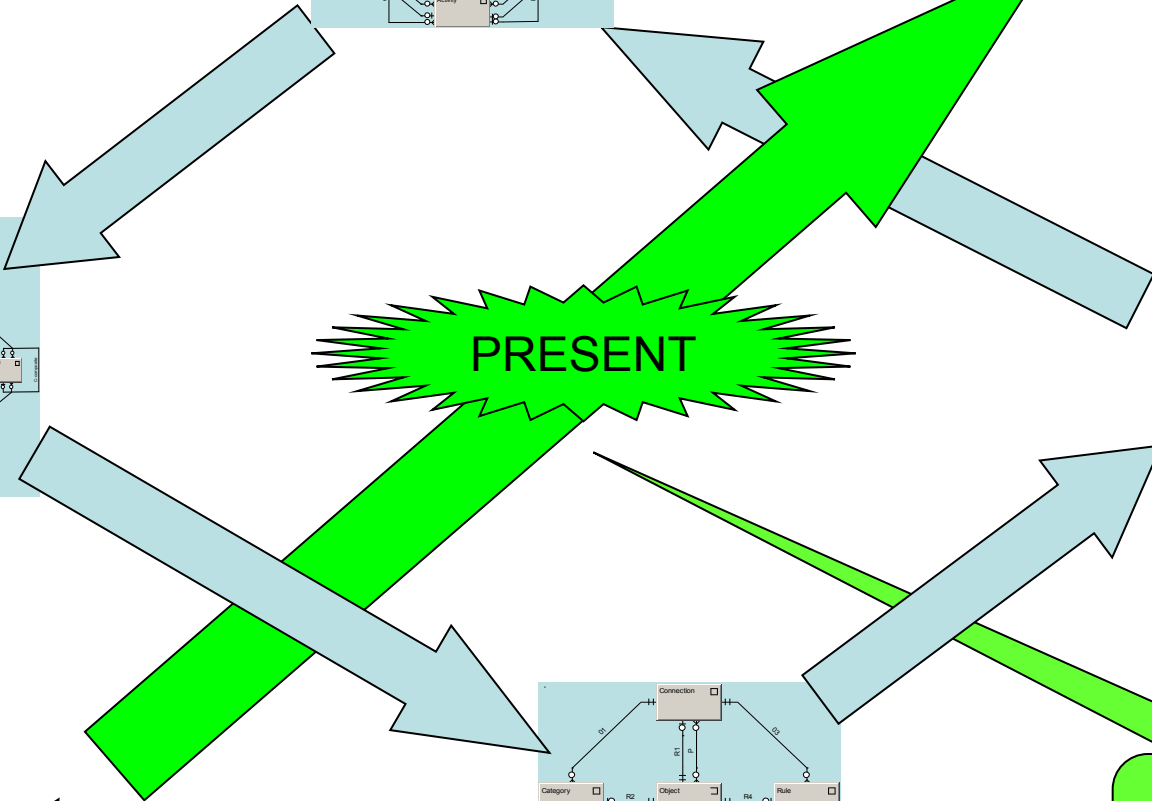
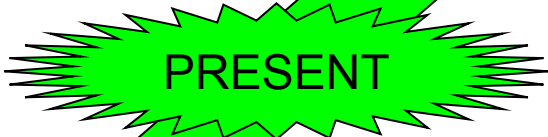
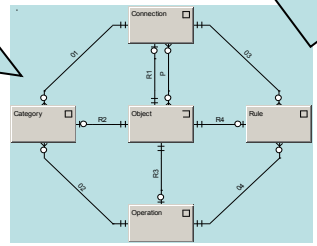
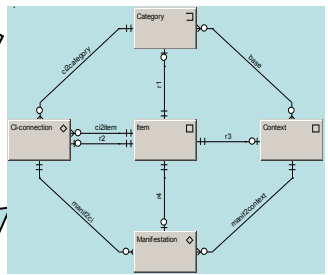
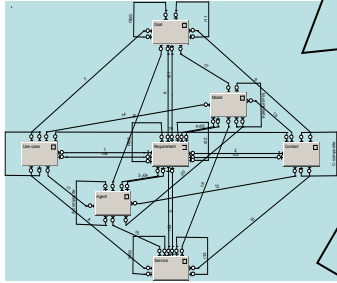
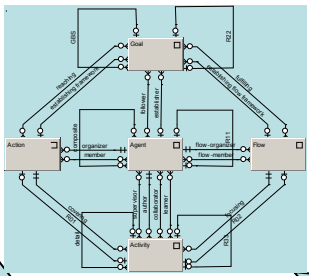
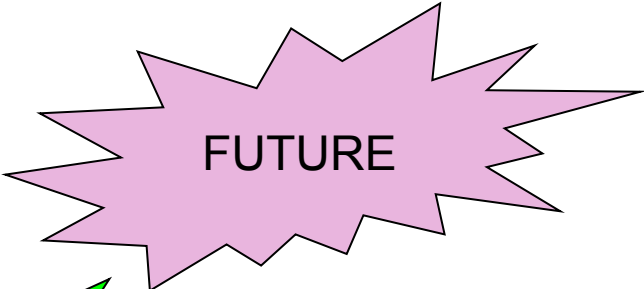
FUTURE

PRESENT

PAST

Experience,  
live out,  
- USE







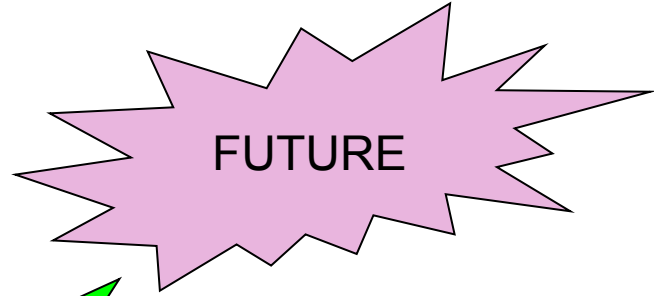
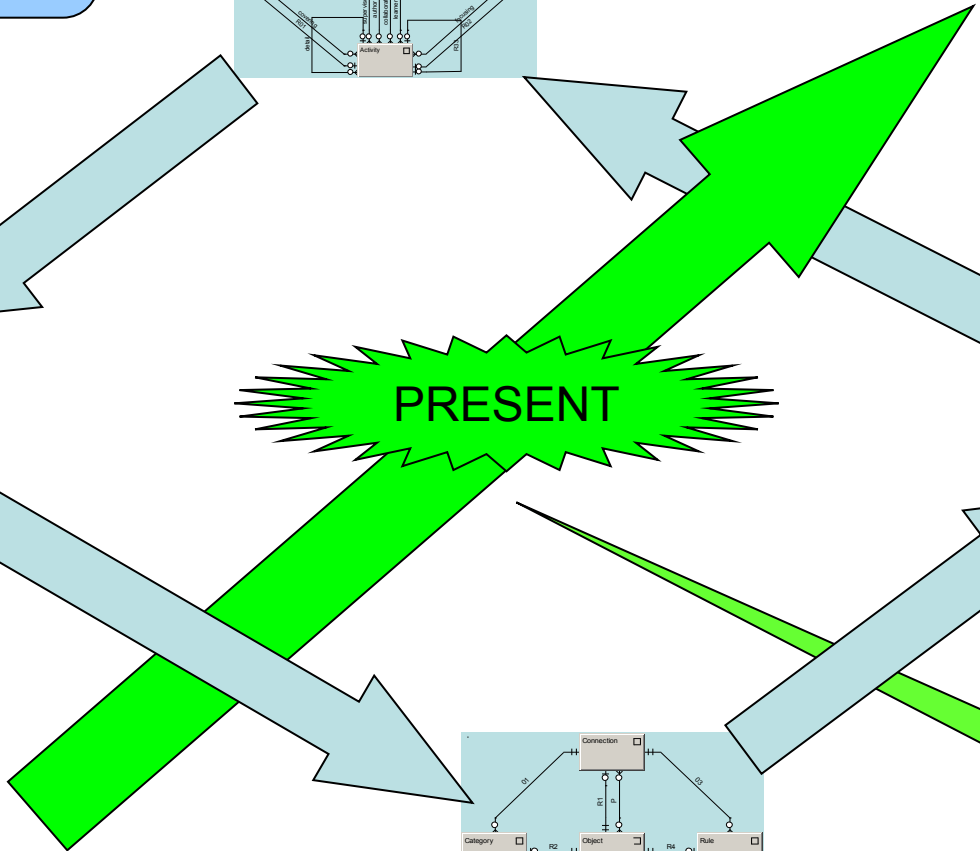
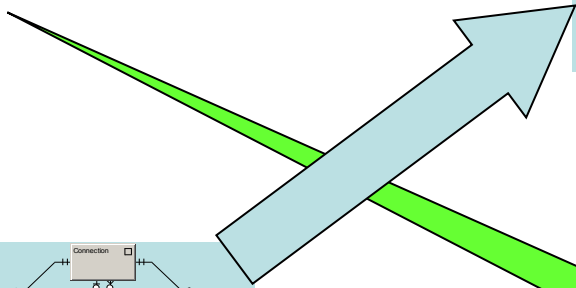
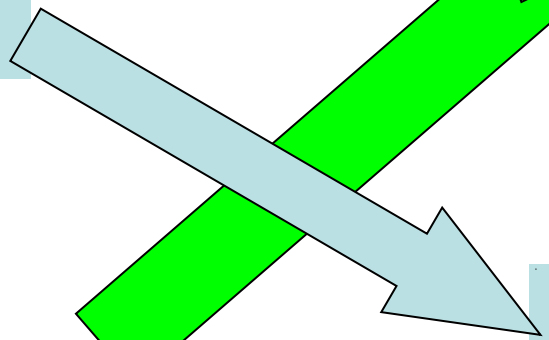
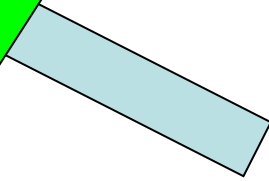
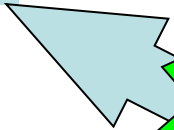
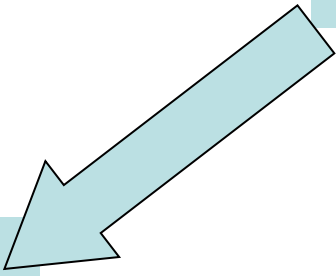
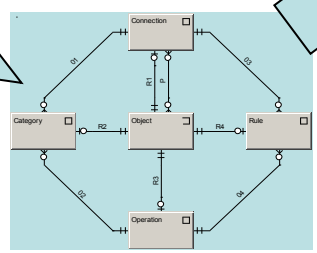
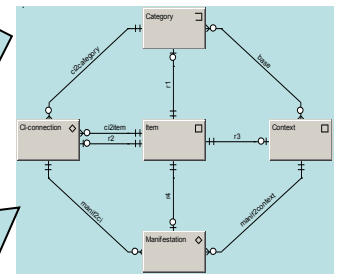
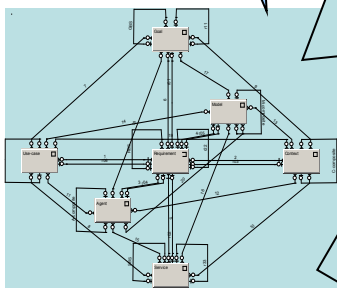
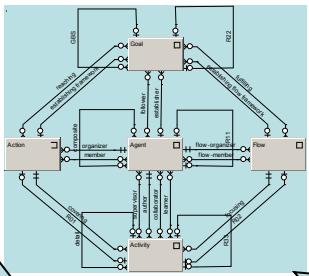
Visualization,  
think about,  
- MENTION

FUTURE

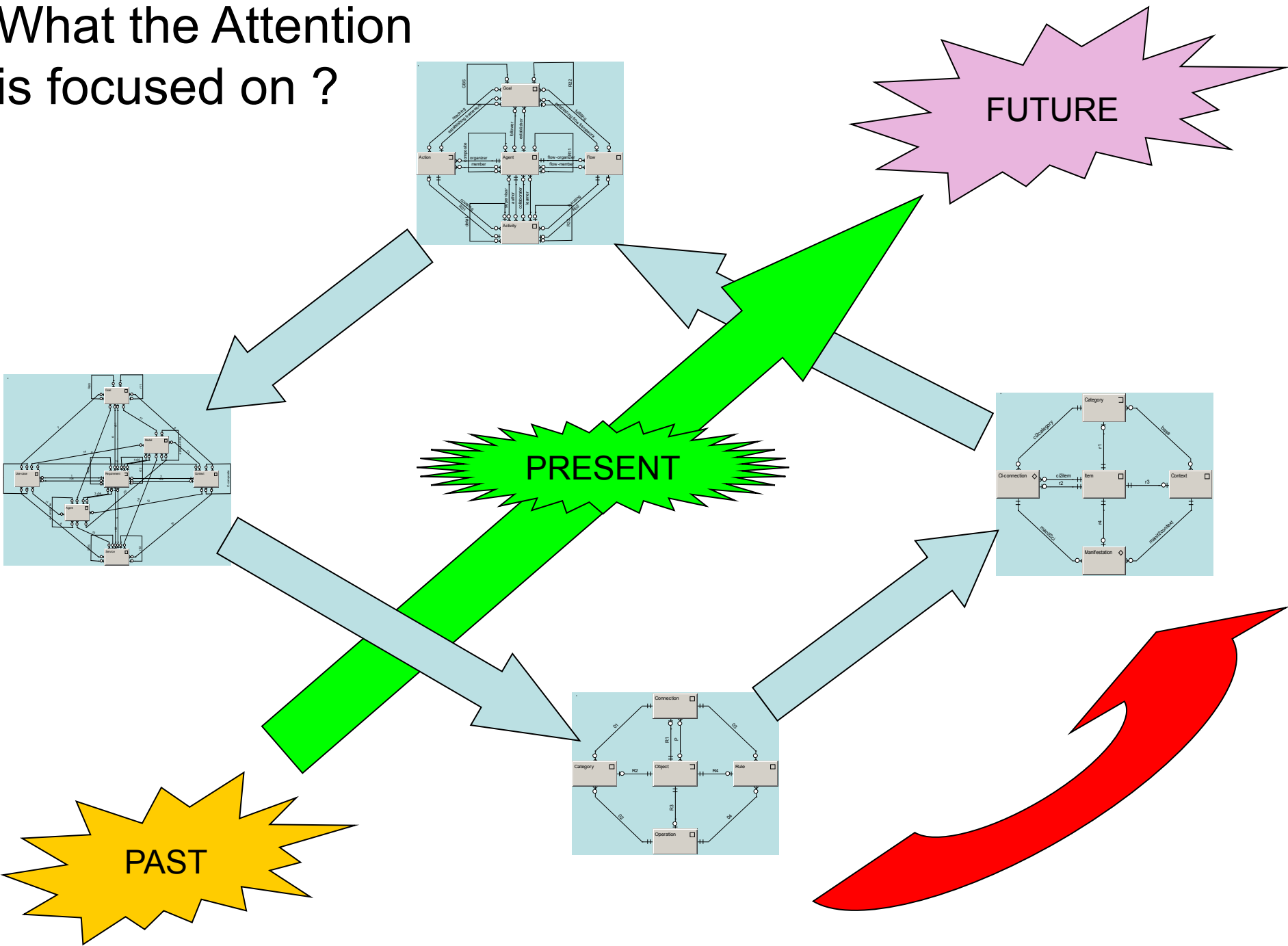
PRESENT

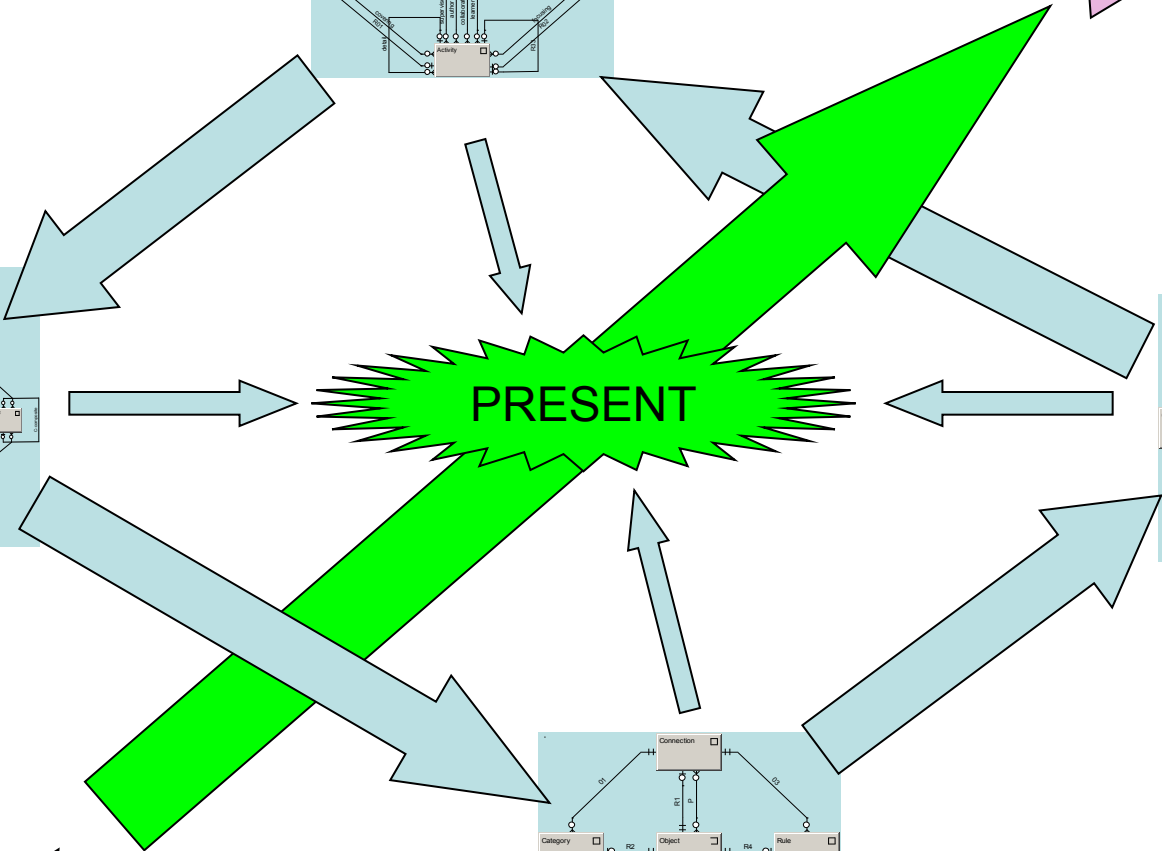
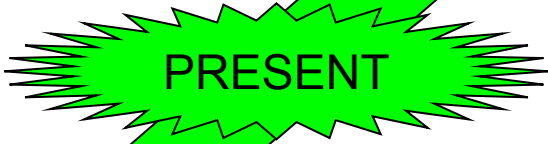
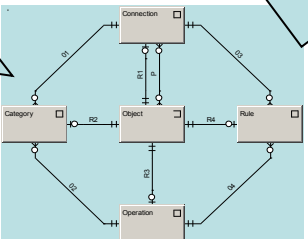
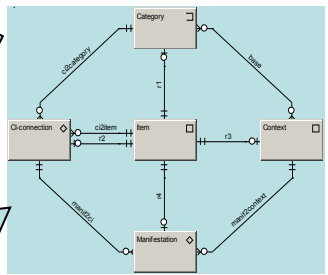
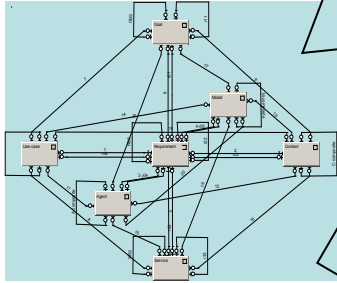
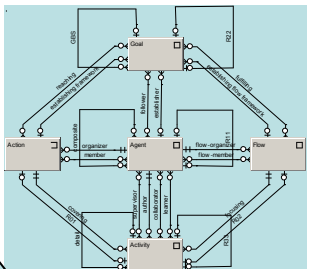
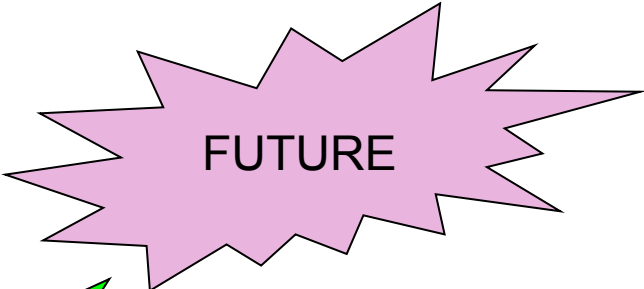
PAST

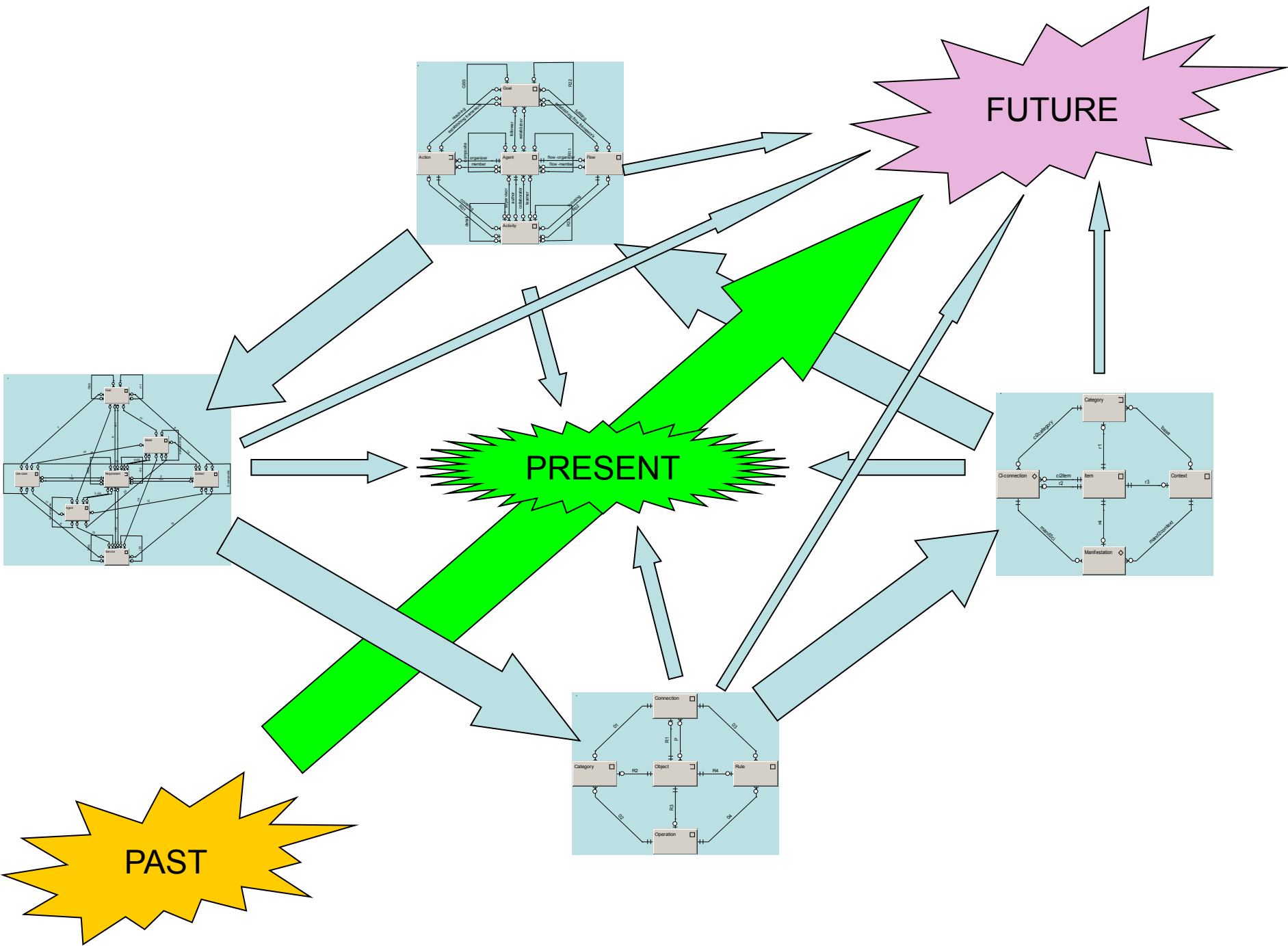
Experience,  
live out,  
- USE

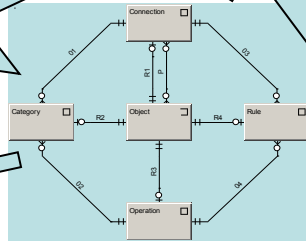
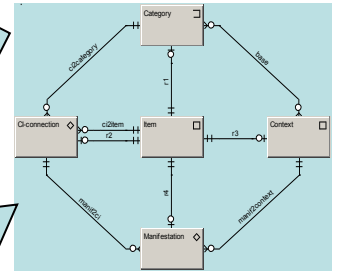
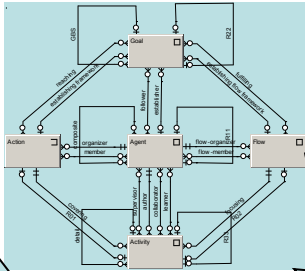
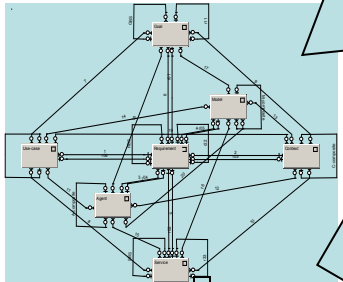
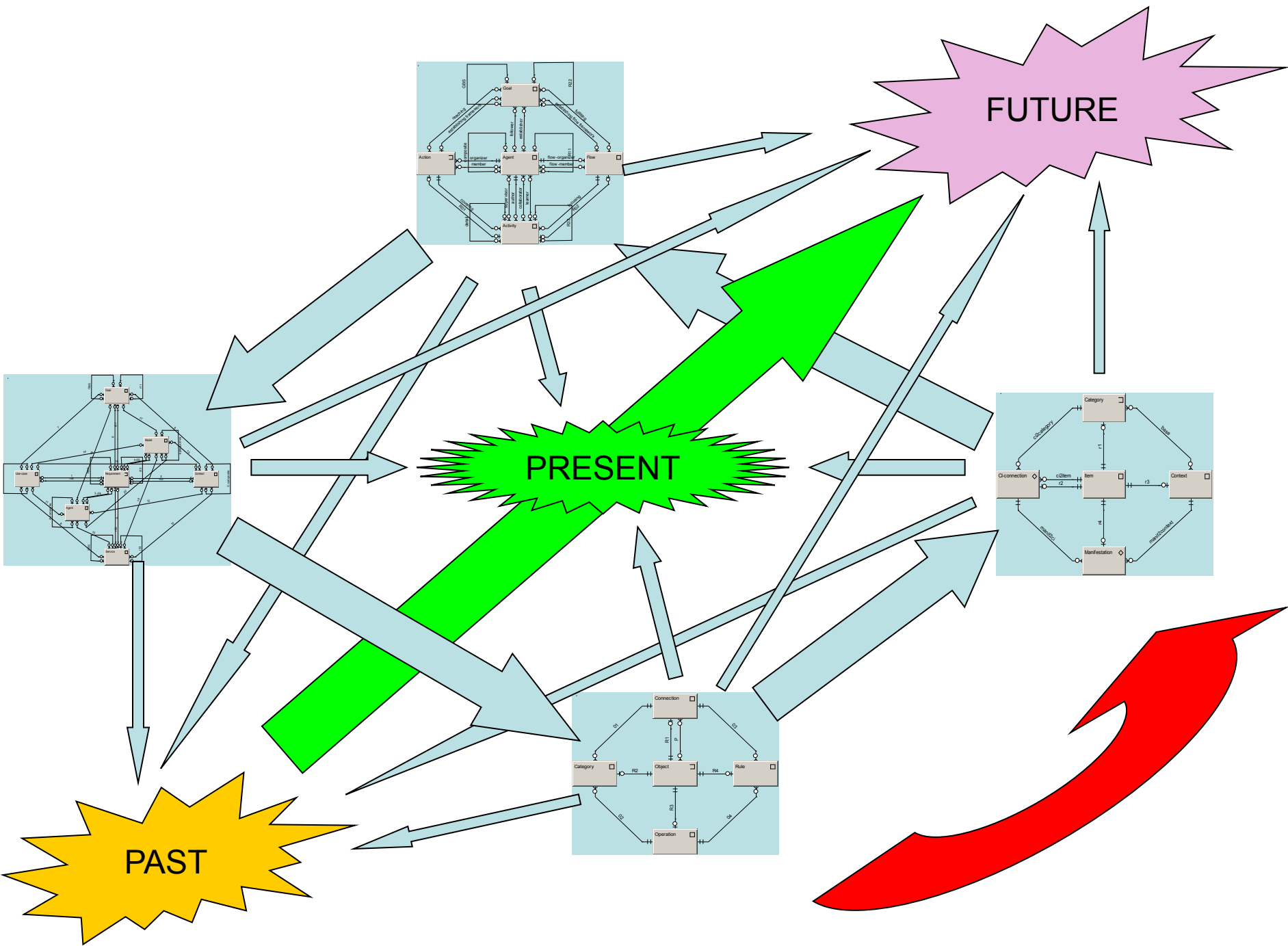


# What the Attention is focused on ?









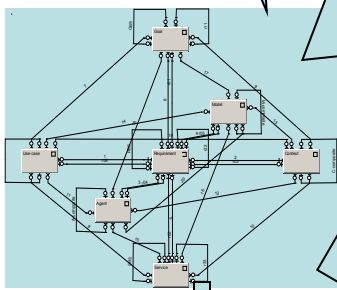
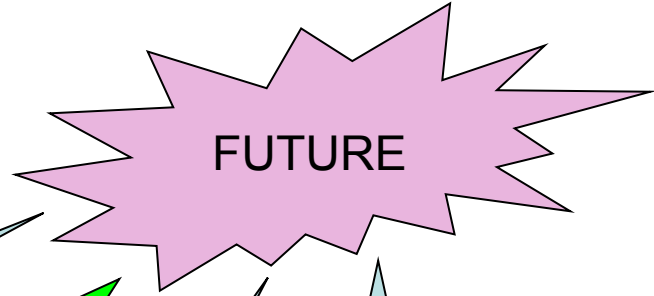
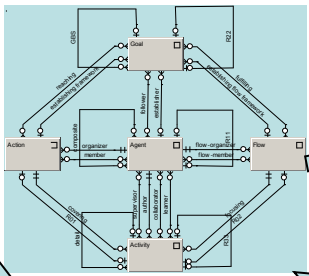
**PAST**

**PRESENT**

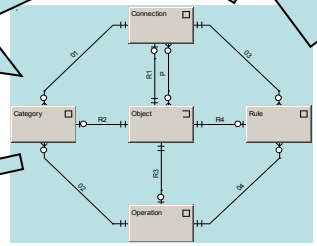
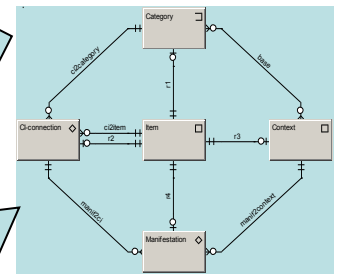
**FUTURE**

Visualization,  
think about,  
- MENTION

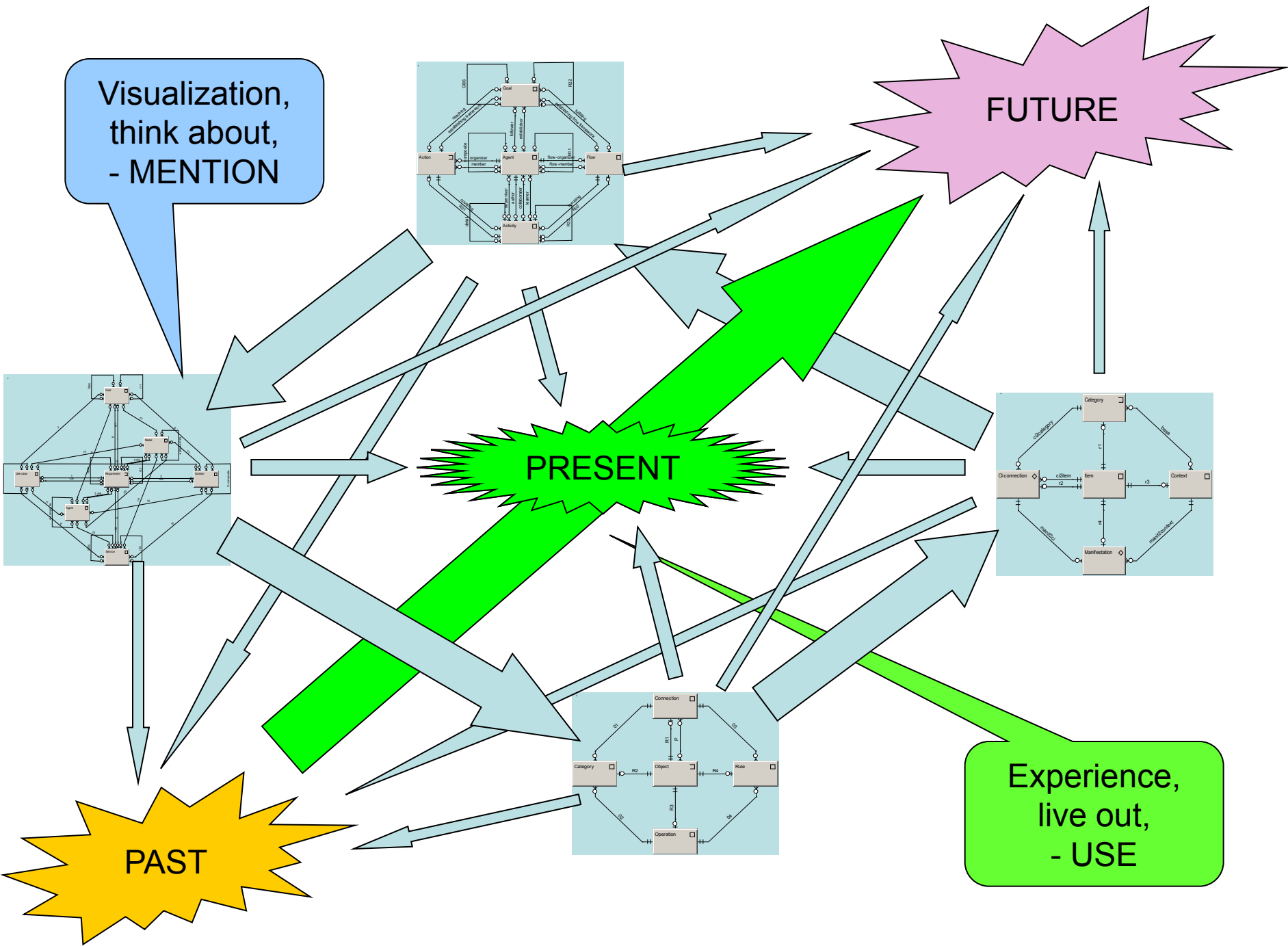
FUTURE



PRESENT



Experience,  
live out,  
- USE



**Please, Think about it !**

# Selected business issues

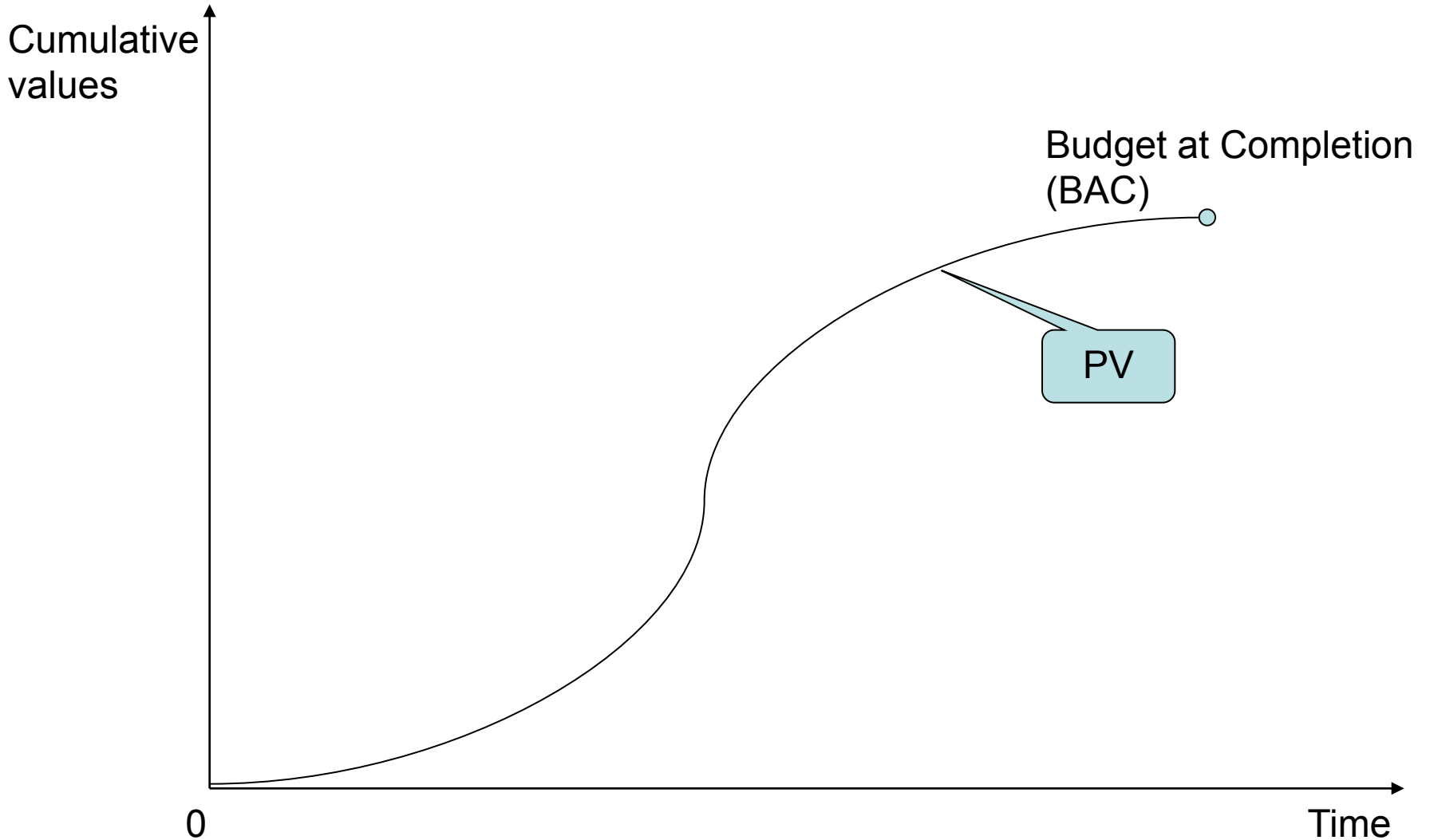
- (1) How to monitor progress and performance
- (2) Diamond of Business Development



# EVM = “Earned” Value Management

- Key questions: State of elaboration? Time?
- It integrates dimensions of the Triple constraint
- BAC = Budget at completion
- PV = Planned Value
- AC = Actual Costs
- EV = “Earned” Value
  
- Some differences
- Some ratios

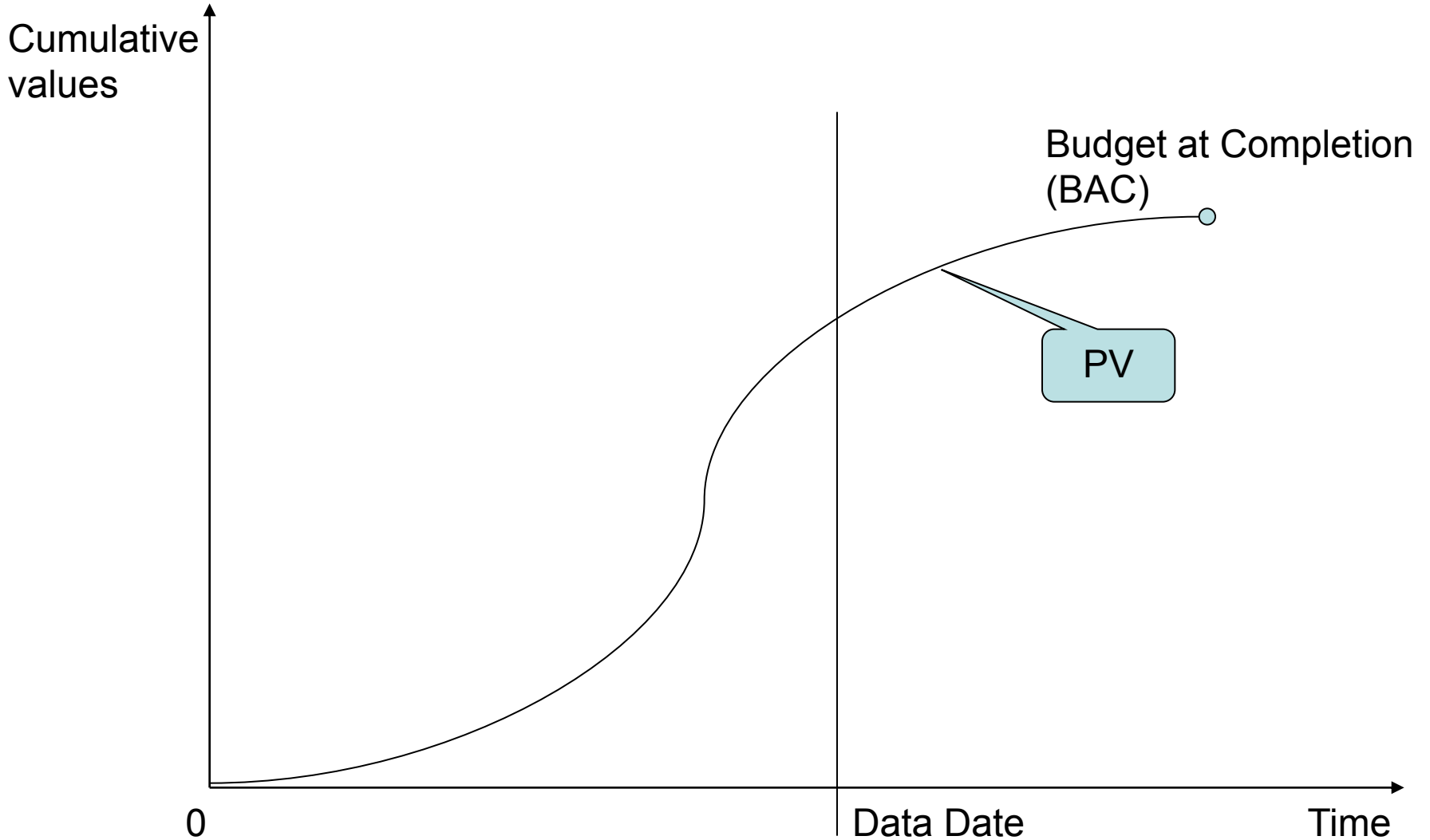
# Plan of the Project



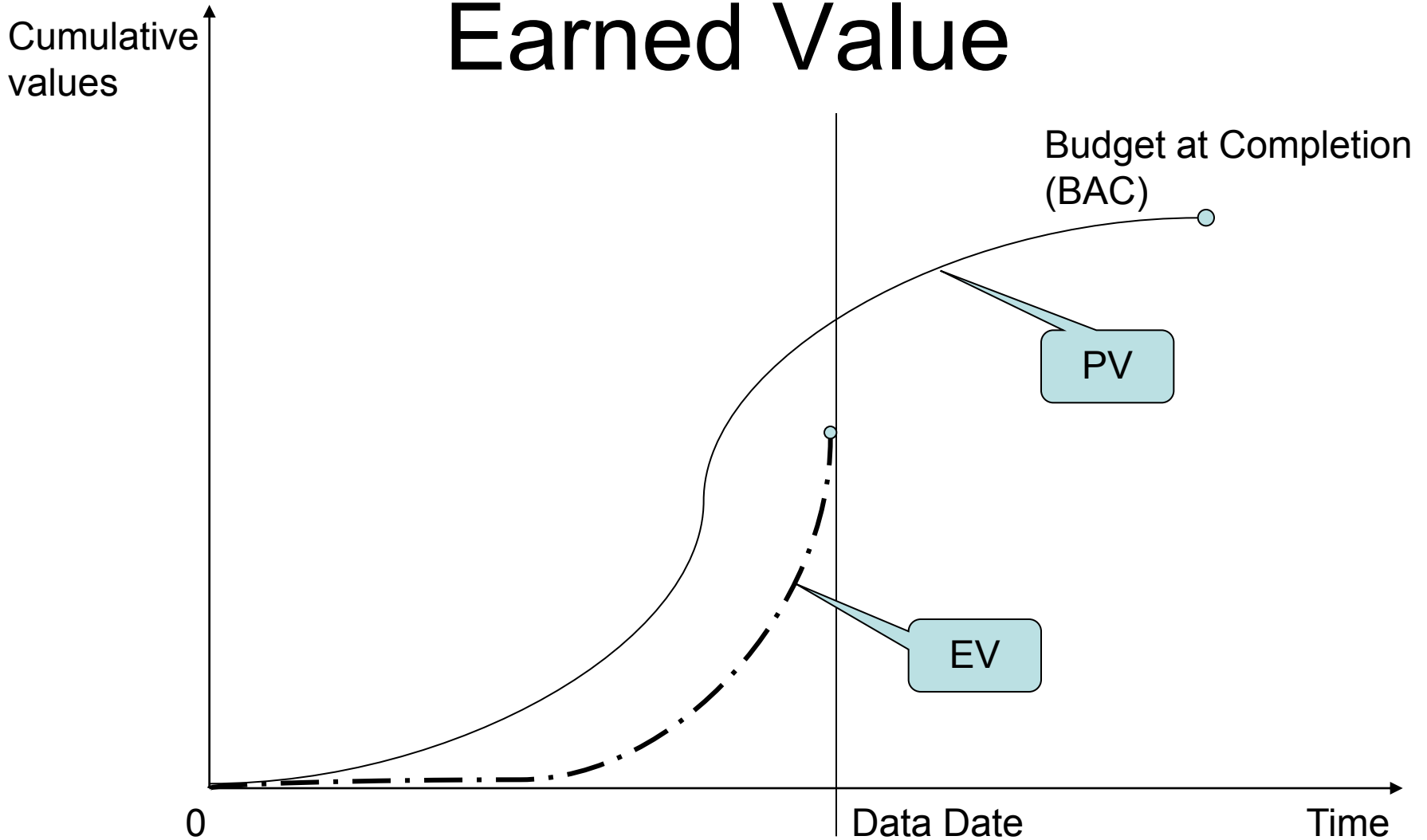
# Plan of the project

- BAC represents total value of project in money spent for it
- BAC is set based on estimations, experience, and market situation
- The basis for BAC setting is WBS (GBS)
- PV is a curve of cumulative value of project in money spent up to given time point

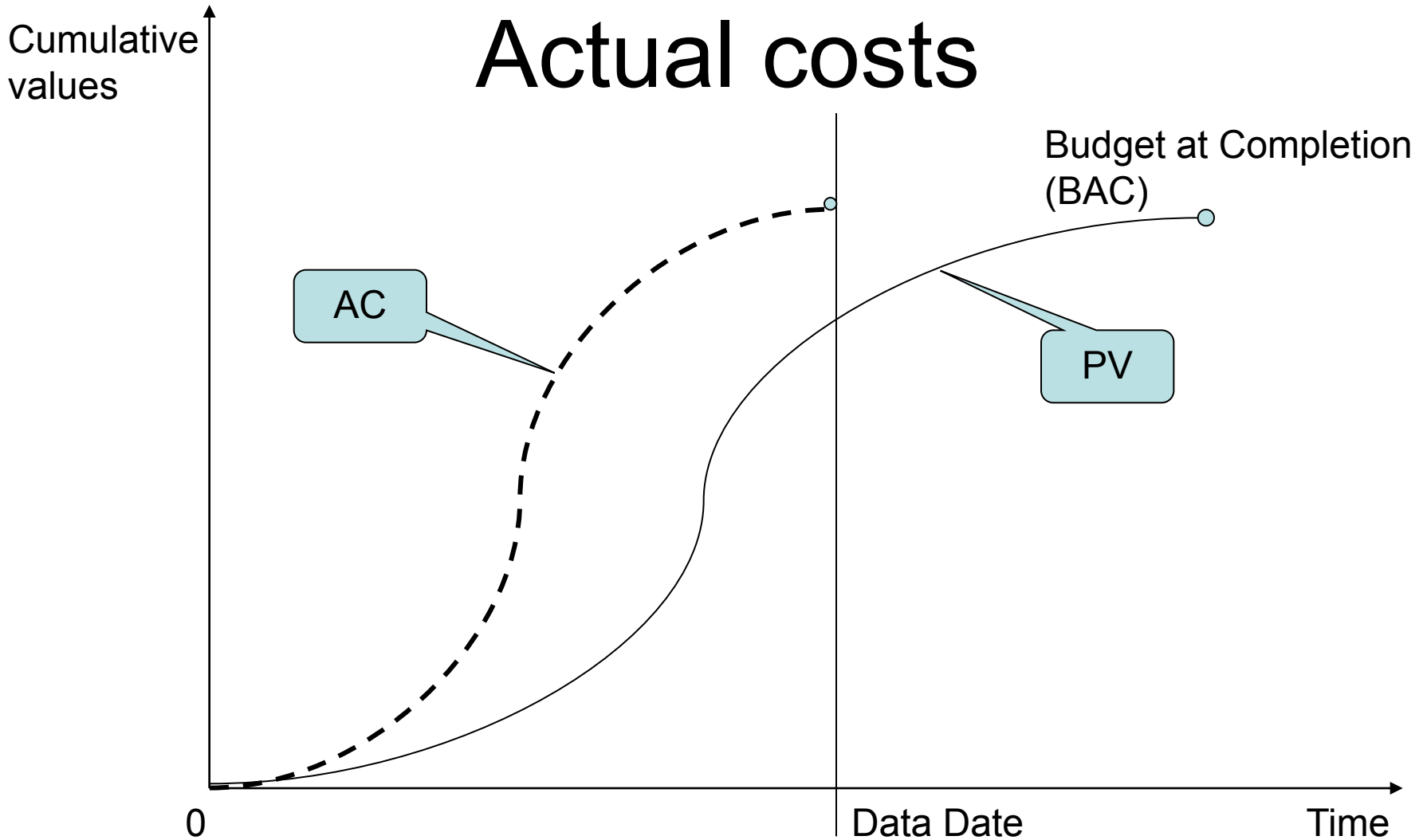
# Monitoring



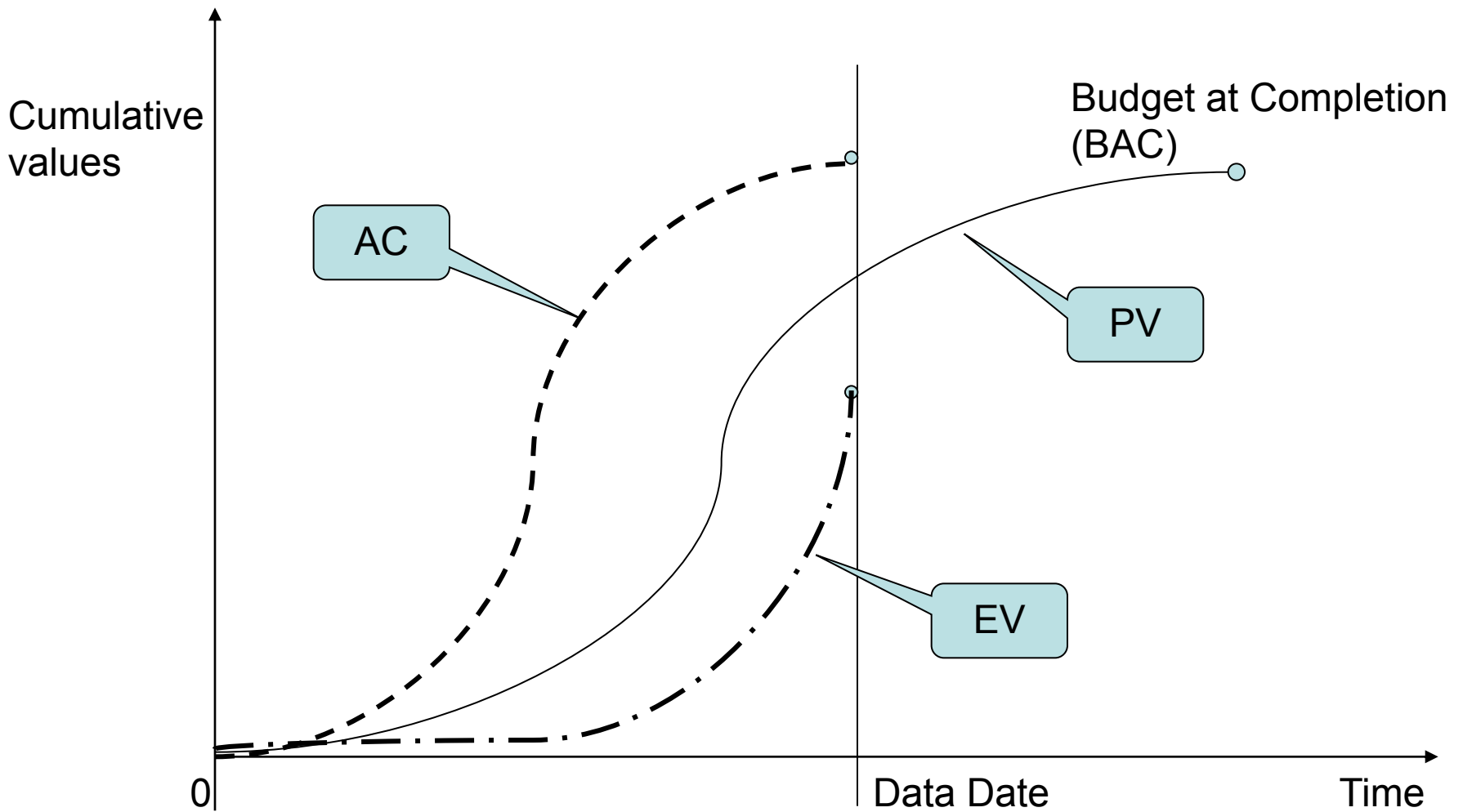
# Earned Value



Earned Value is estimated summing up values of reached deliverables according to WBS



Actual Cost is taken from the Project Accounting System, which can be exactly separated part of Permanent Organization Accounting System.

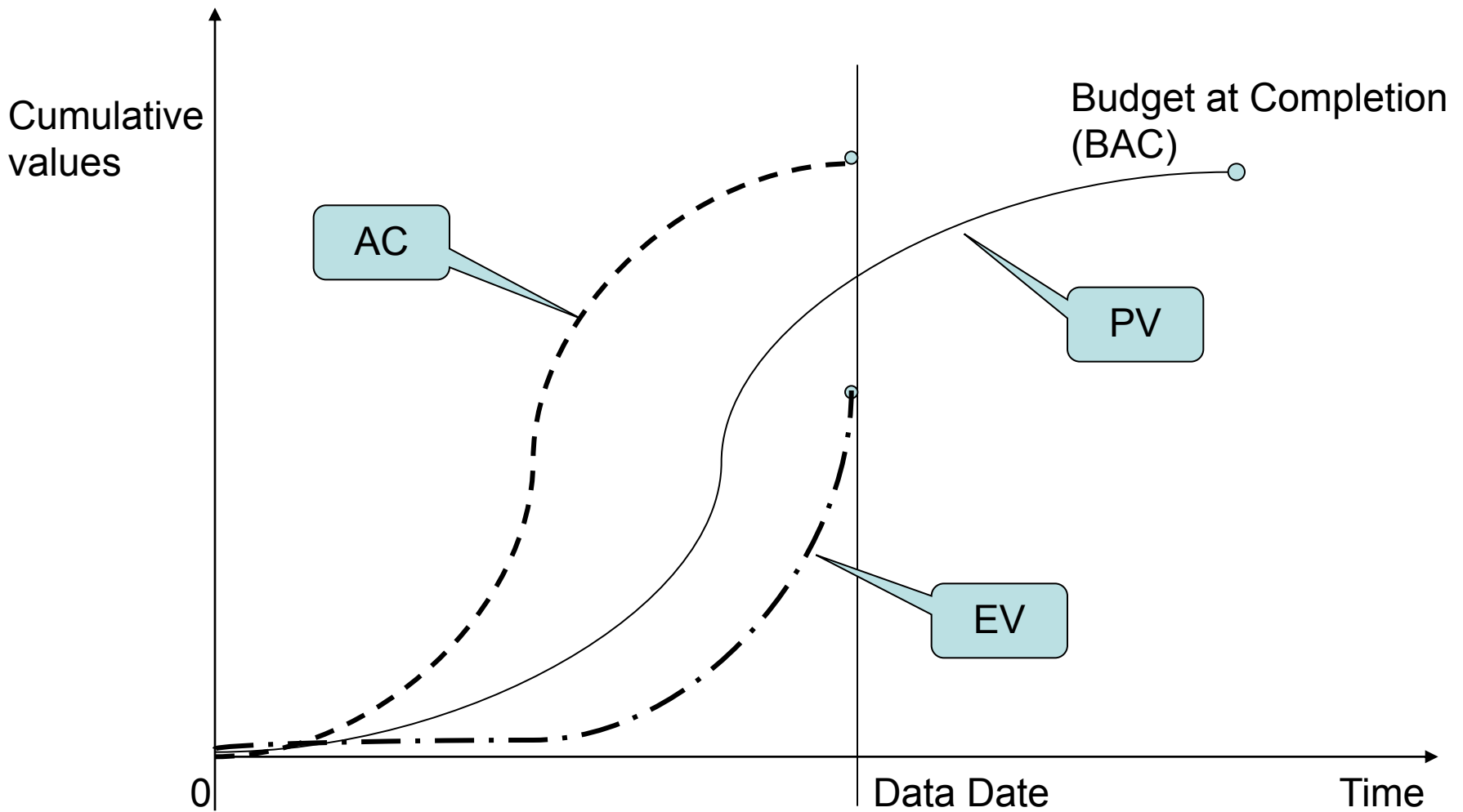


Variations from the approved plan:

$SV = EV - PV$  ... schedule variance;

$EV \leq PV$  if EV is measured in WBS nodes completion;

$CV = EV - AC$  ... cost variance;



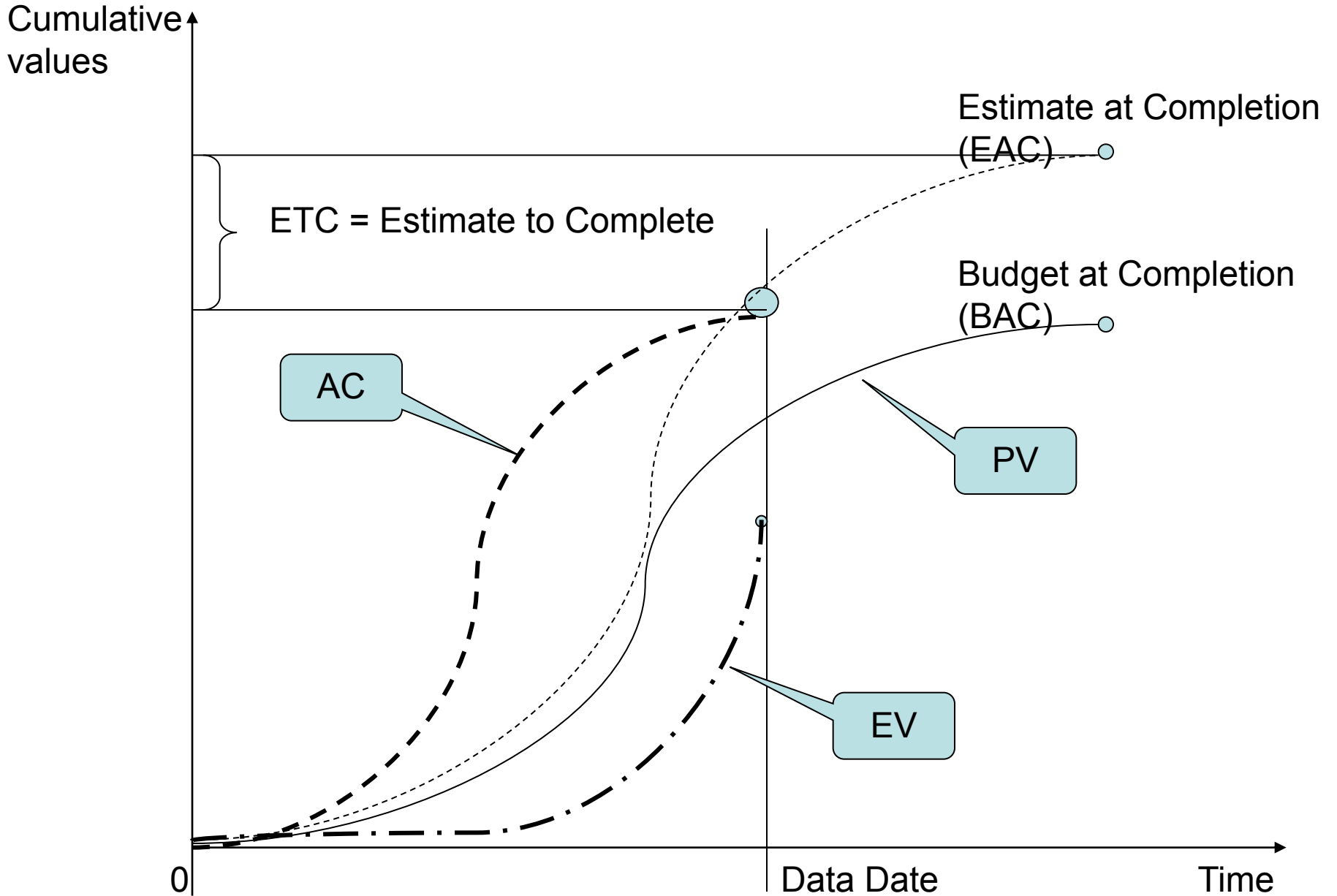
Performance indicators:

$SPI = EV / PV$  ... schedule performance index

$CPI = EV / AC$  ... cost performance index



# Forecasting



# Diamond 8

## - a Business Development Diamond

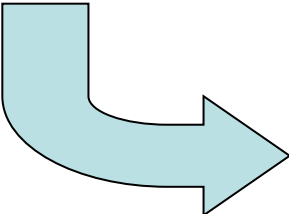
A Model for  
New Business Development

# Usual Approach

Idea



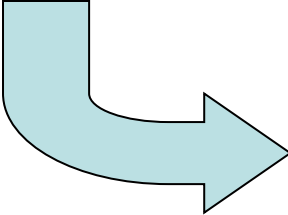
RESEARCH



Product/  
Service



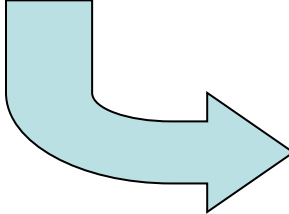
SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



Business  
Plan



SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



Launch



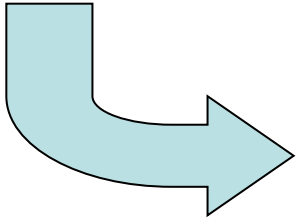
BUSINESS

# Drawbacks

Idea



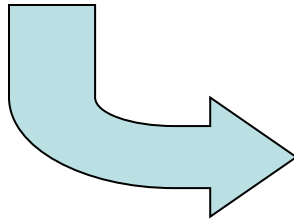
RESEARCH



Product/  
Service



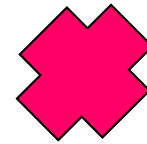
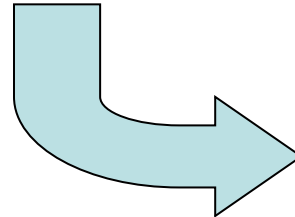
SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



Business  
Plan



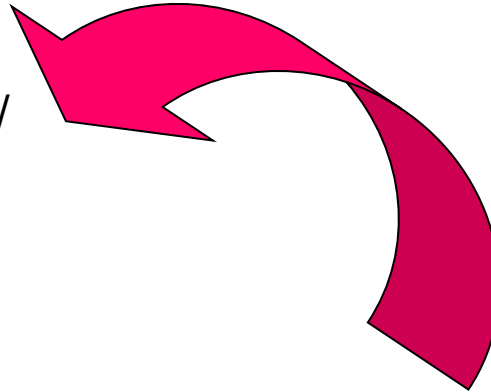
SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



Launch



BUSINESS

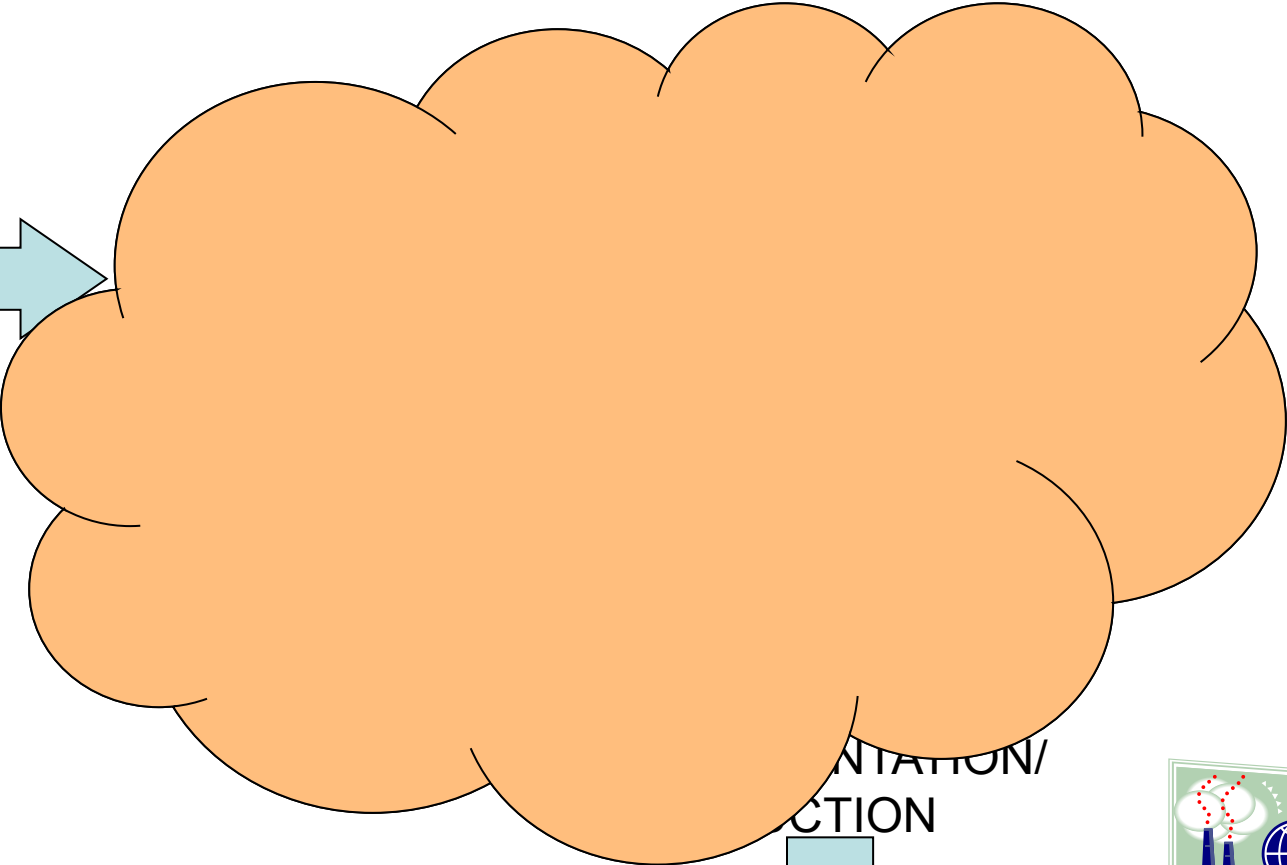
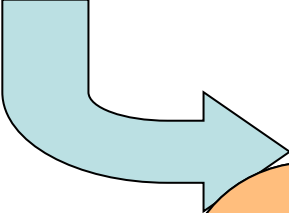


# Where the Problem is?

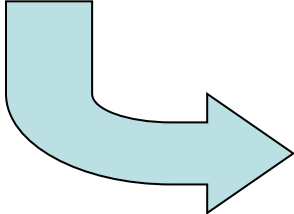
Idea



RESEARCH



PRESENTATION/  
ACTION



Launch



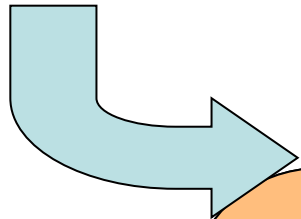
BUSINESS

# Where the Problem is?

Idea



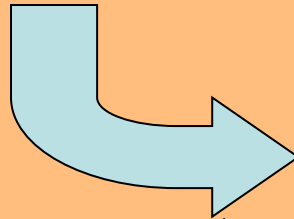
RESEARCH



Product/  
Service



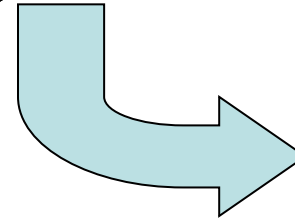
SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



Business  
Plan



SPECIFICATION/  
IMPLEMENTATION/  
PRODUCTION



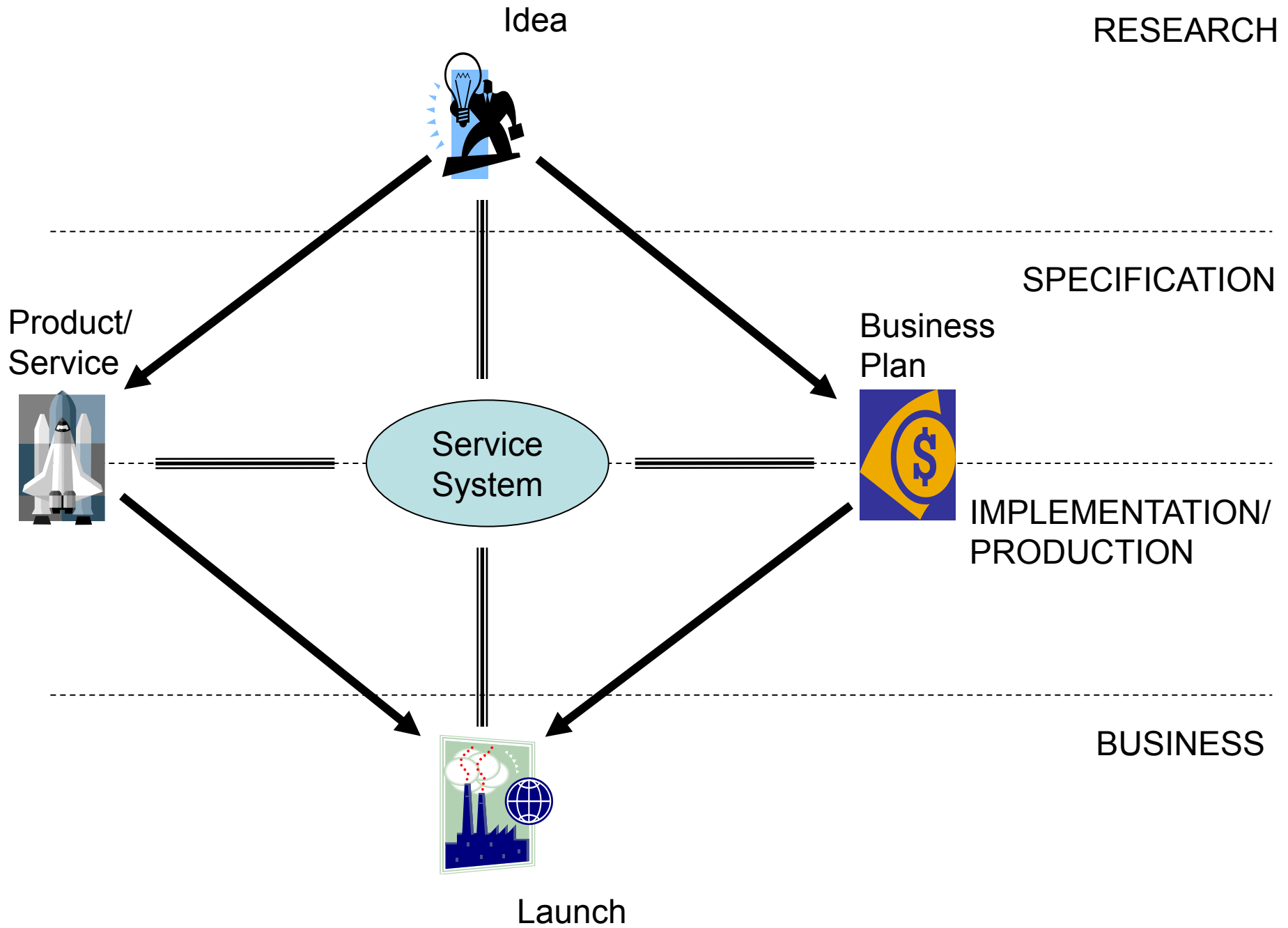
Launch



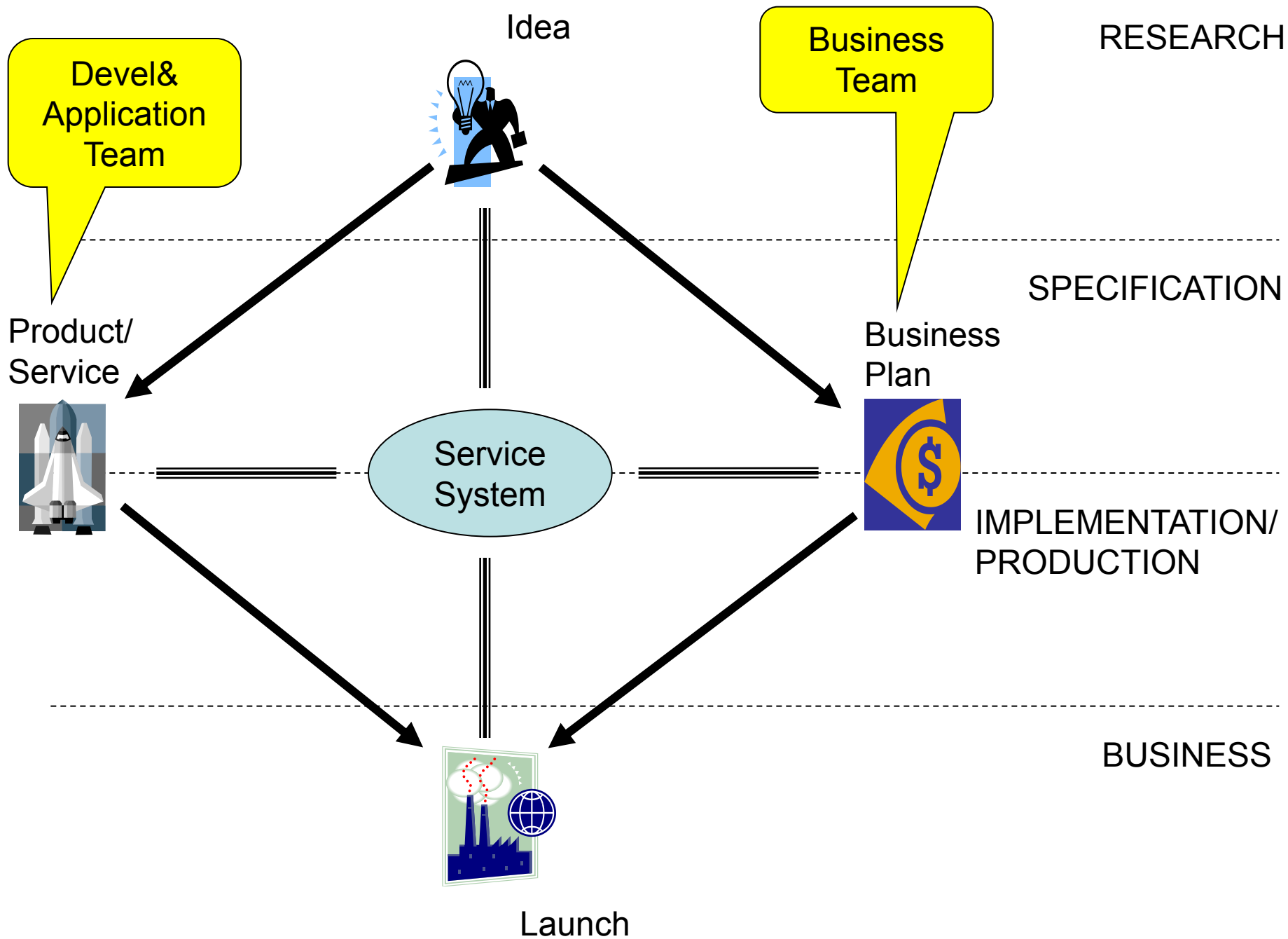
BUSINESS

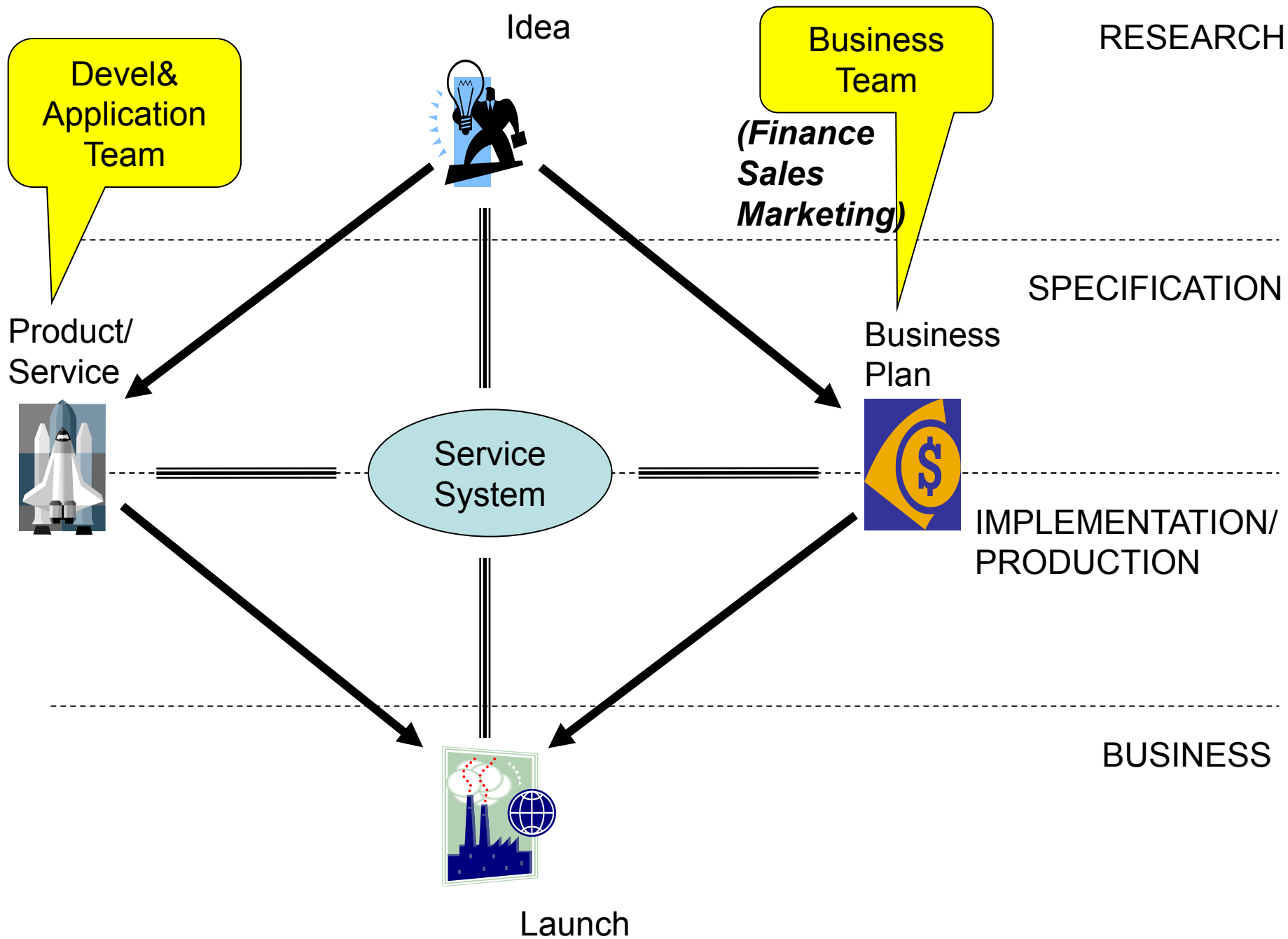
# Solution

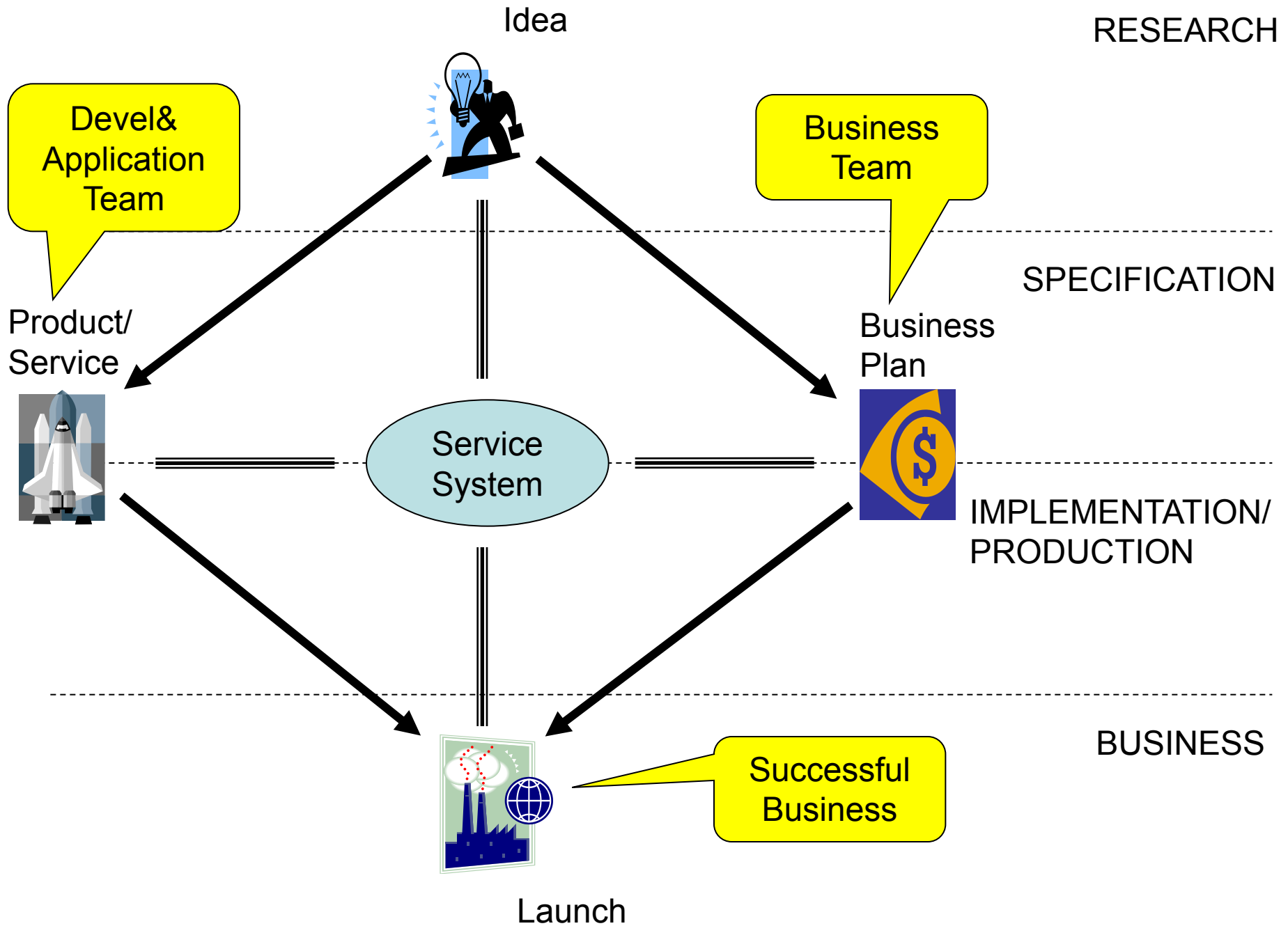
- The whole Company has to function as a Service System.
- No part could be excluded!
- Leadership from the front.
- Diam3 principles of organization.
- Diam4 principles of acting.
- The whole process “Research-Specification-Implementation-Production-Business” goes as a Dual Service System between Devel&Application on one hand and Business on the other hand

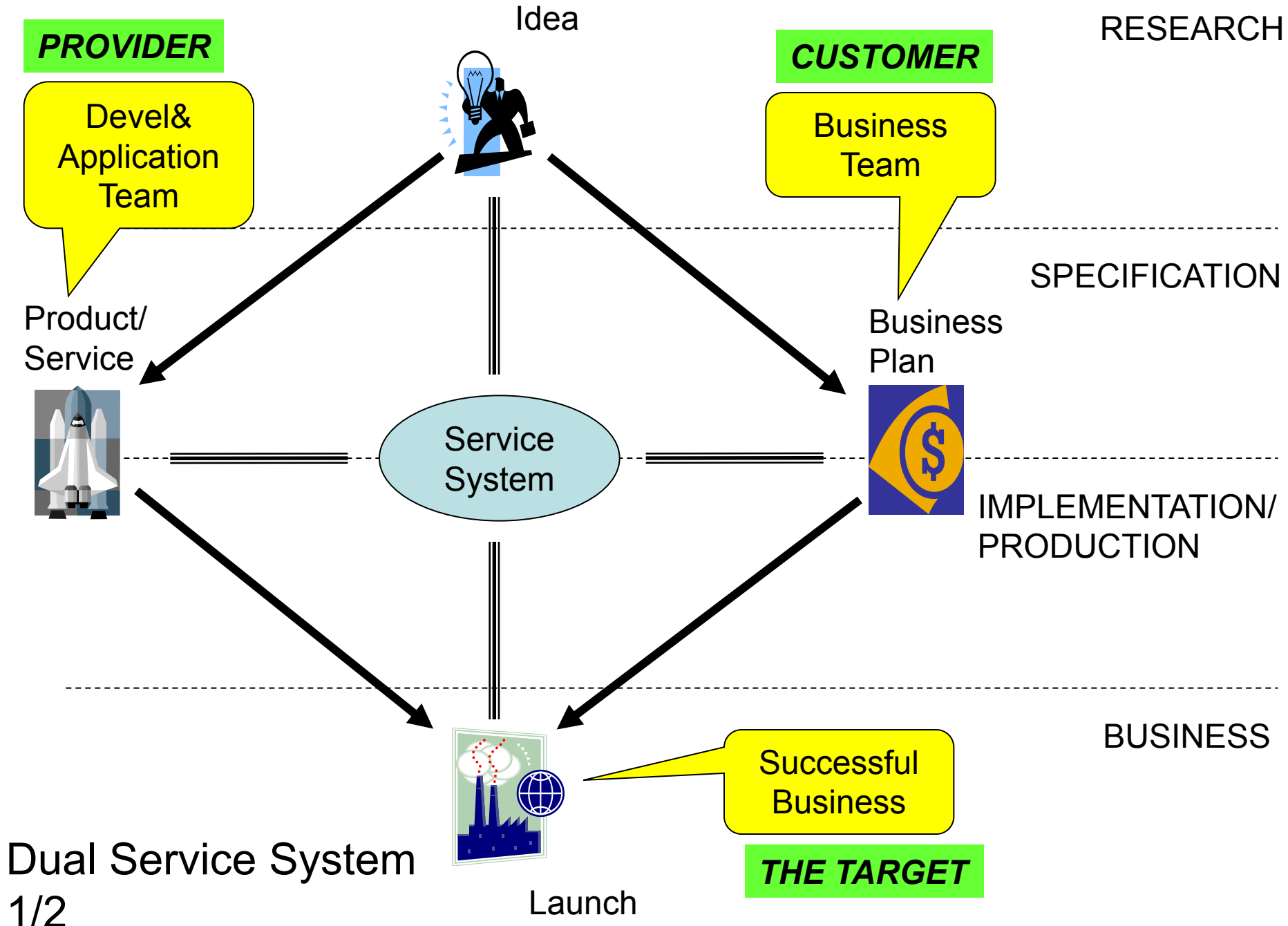












**PROVIDER**

**CUSTOMER**

RESEARCH

Devel &  
Application  
Team

Business  
Team

SPECIFICATION

Product/  
Service

Business  
Plan

Service  
System

IMPLEMENTATION/  
PRODUCTION

BUSINESS

Successful  
Business

**THE TARGET**

Dual Service System  
1/2

Launch

Idea

RESEARCH

**CUSTOMER**

**PROVIDER**

Devel&  
Application  
Team

Business  
Team



SPECIFICATION

Product/  
Service

Business  
Plan



Service  
System



IMPLEMENTATION/  
PRODUCTION

BUSINESS

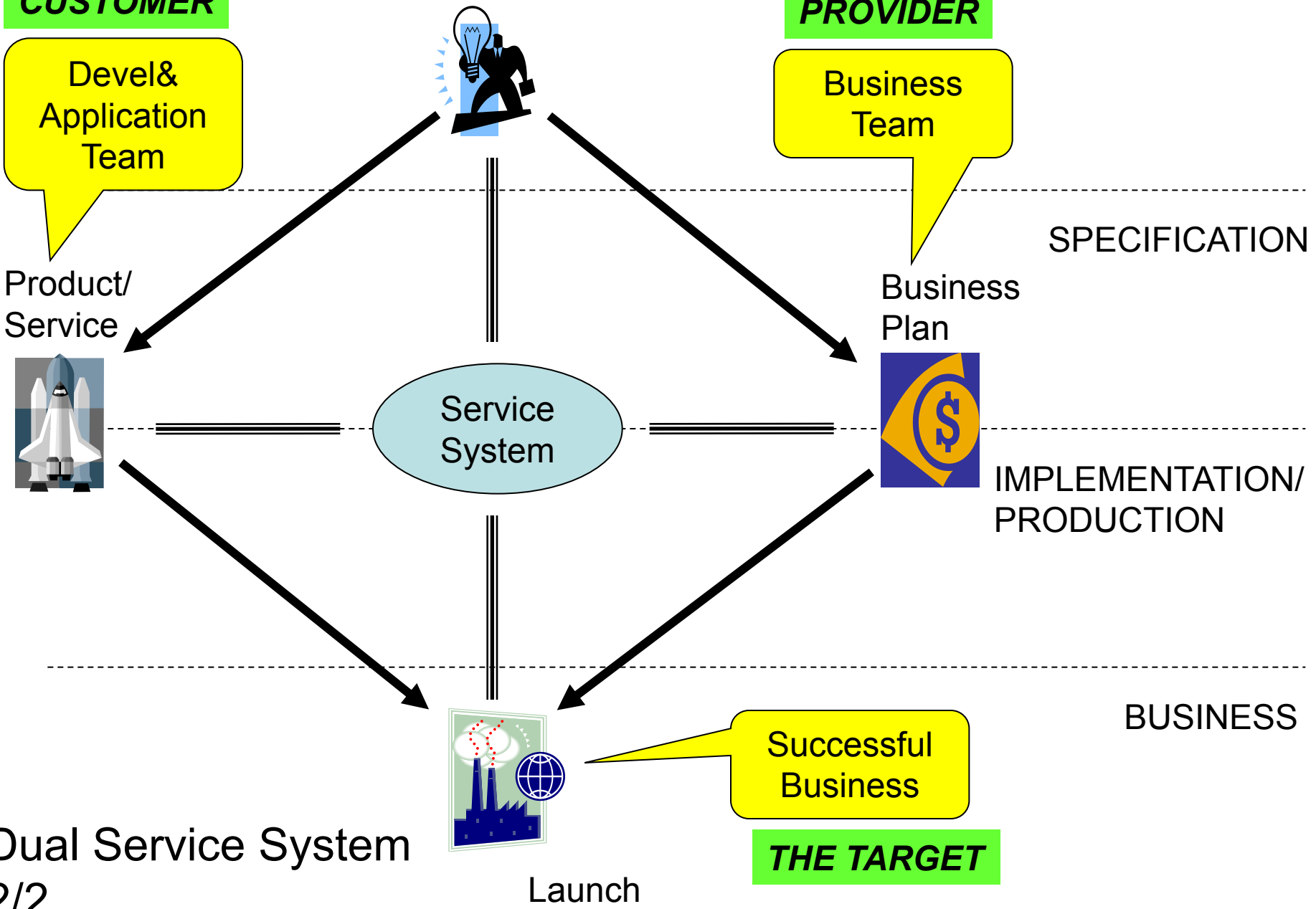
Successful  
Business

**THE TARGET**



Launch

Dual Service System  
2/2



**The END**