Assessing SME Service Innovation Capability Using a Maturity Matrix

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The Research Gap

Irish SMEs are unaware of their potential to develop and improve services (innovative performance).	No apparatus to assess service innovation capability (SIC) has been developed or tested.	As a result ineffective resource deployment is pervasive across the services sector.	Evident need for a mechanism to describe, prescribe, and compare SIC – The maturity model framework.

Dimensions of Service Innovation Capability

Service Innovation Capability

A multi-dimensional, hierarchical construct that describes collective dynamic capabilities embedded in an organisation's routines or processes that have the potential to repeatedly deploy and reconfigure resources in the continuous creation or improvement of services.

User Involvement

Involving customers in service innovation ideation, development, production, and delivery.

Networking

Orchestrating and managing networks to effectively collaborate with external actors.

Strategising

Deciding where, when, and how service innovation will be used. Links service innovation objectives with overall organisational goals.

Knowledge Management

Managing and deploying intellectual capital for innovative purposes.

Conducting an assessment using the maturity matrix

1. Compare organisational practices against those described on the model.

2. A maturity level is achieved when all the characteristics of a level and its preceding levels have been satisfied.

3. Plot results using a radar chart to identify the contrast between current and targeted performance.

4. Apply results as the foundation for an incremental or radical plan that systematically guides improvement initiatives.

Capability	Maturity Level 1: Initial	Maturity Level 2: Managed	Maturity Level 3: Defined	Maturity Level 4: Measured	Maturity Level 5: Optimising
Strategising	Strategy gets little attention and few strategic planning activities are conducted. Innovation strategy is inexplicit and the firm are primarily concerned with operational planning.	Strategy is defined, refined, and communicated to a greater extent, but this tends to be primarily informal and not go beyond budgeting. The planning processes are not rigorous and tend to be reactionary.	Strategy is clear and accepted. Formal and comprehensive structures are in place that allow for organisations to engage in strategic planning and management, primarily using simple forecasting tools. However, there is a static focus on current capabilities, rather than alternatives and the firm does not engage with staff in strategy development.	Strategy is a used as a reference guide. It drives the organisation's focus and informs decision making. Here in depth analysis occurs that assists with understanding the future organisational success factors. There is dynamic rather than static resource allocation which creates new capabilities or redefines the market.	Processes for the development of service innovation strategies are institutionalised. The strategy objectives are derived from a holistic view of the organisation and drive critical organisational decisions. Strategic planning excellence is embedded in the organisation and continuously improved. The strategic planning framework is shaped around tomorrow's concept of the business.
User Involvement	Customers play little to no role in the development of service innovations. Customers are simply considered as buyers of the service and it is assumed that service developers know what they want.	Customers are involved through study and observation, but there is little or no direct contact. Ideas primarily come through internal channels such as sales reports, customer feedback, and complaints. The role of the customer in innovation is focused on defining the requirements for new or improved services.	Users are consulted at various stages in the development of service innovations and directly asked about their needs. There is a systematic identification of potentially valuable users to ensure their wishes, requirements, and ideas are incorporated into existing and new service innovation projects.	Users are co-designers and have an active, ongoing role and influence on innovation development processes. The firm uses proactive market research techniques to interact with customers and they are integrated both into the early stages of ideation and service development and in the verification and testing of new services or service improvements prior to their launch.	Users play an intrinsic role in innovation processes and are consistently involved at key decision points. The organisation views customers as partners and their ongoing relationship extends beyond single projects. There is constant customer participation and interaction, which maintains their input and cooperation, with some involved as co-designers assisting with the creation of solutions that are broad in scope.
Knowledge Management	Little effort is made to pass on knowledge. There is very poor organisational communication and a limited flow of information or feedback. Little to no intention to conduct knowledge management activities exists at this maturity level.	There is little conscious thinking by employees and actions are based on past experiences and observations. They are guided by experiences, recognition of patterns, and intuition which is difficult to share with others and occurs primarily at an individual level.	Knowledge is gathered, documented, and adequately communicated vertically and horizontally through new tools. Employees express insights or ideas to others in their groups and a shared understanding is developed. There is no collective or coherent group action, but employee understanding and actions are changed through conscious elements shared at group level.	An integrating process occurs at the group level that changes the collective understandings of the group. Conversations are held to promote the collective mind and mutual adjustments and negotiated actions are achieved. Knowledge management is more deeply integrated into processes. It fosters learning from both successes and failures.	Individuals readily teach and mentor each other. There is regular, transparent, and open communication. Learning now occurs at an organisational level. Structures, systems, and procedures are established to capture the way groups communicate and interact. Successful experiences become embedded into the organisation as routines.
Networking	Little or no networking and collaboration occurs with external parties. There is no stakeholder participation and a conservative attitude towards opening organisational boundaries for knowledge sharing or cooperation. Suppliers and others are not involved in developing or improving services. No attention is paid to their possible contribution and the impact of changes that innovations may have on other supply chain actors.	Only internal representatives of business functions that will be impacted by changes are involved in service innovation projects. The organisation begin to understand the importance of involving external parties in innovation and their conservative attitude softens.	There are defined and deployed practices for networking and informal networking is encouraged. Knowledge is shared, to a moderate extent, across organisational boundaries. There is a greater involvement of internal stakeholders in defining the market requirements, designing service content, and modelling delivery processes etc.	All relevant stakeholders are integrated into service innovation activities. There is continuous feedback and cross-organisational cooperation. The organisation initiate collaborations and alliances that spread risk and establish new sources of revenue. Both internal and external parties that may be interested in or impacted by the new or changed services are identified, and if possible, are involved.	The widespread involvement of the skills and knowledge of external parties occurs at this maturity level. Complementary groups have been identified and collaborative practices are institutionalised. Open innovation and cooperation with stakeholders inspires new services and processes in addition to incremental improvements to existing services. Relationships with highly skilled network actors are established, maintained, and exploited to continuously improve innovation processes and their management.