



Service Perspectives on Lean Management Strategies in Dynamic Networks

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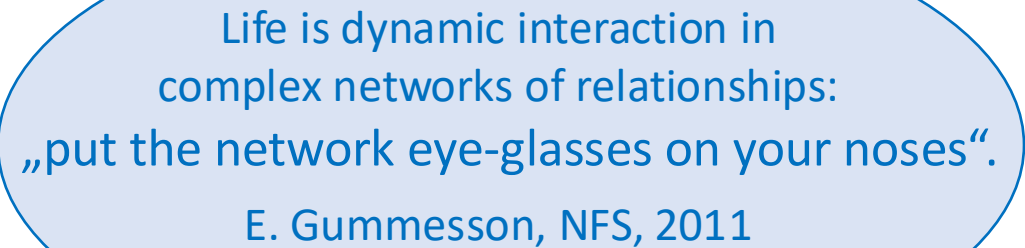
Volker Gruhn



01 Challenge, Inspiration & Research Question

Lean management strategies have so far focused on improvements along existing processes.

This paper analyzes whether and how these strategies can be further developed through the adaptation of service perspectives and the integration of capabilities from ecosystems.

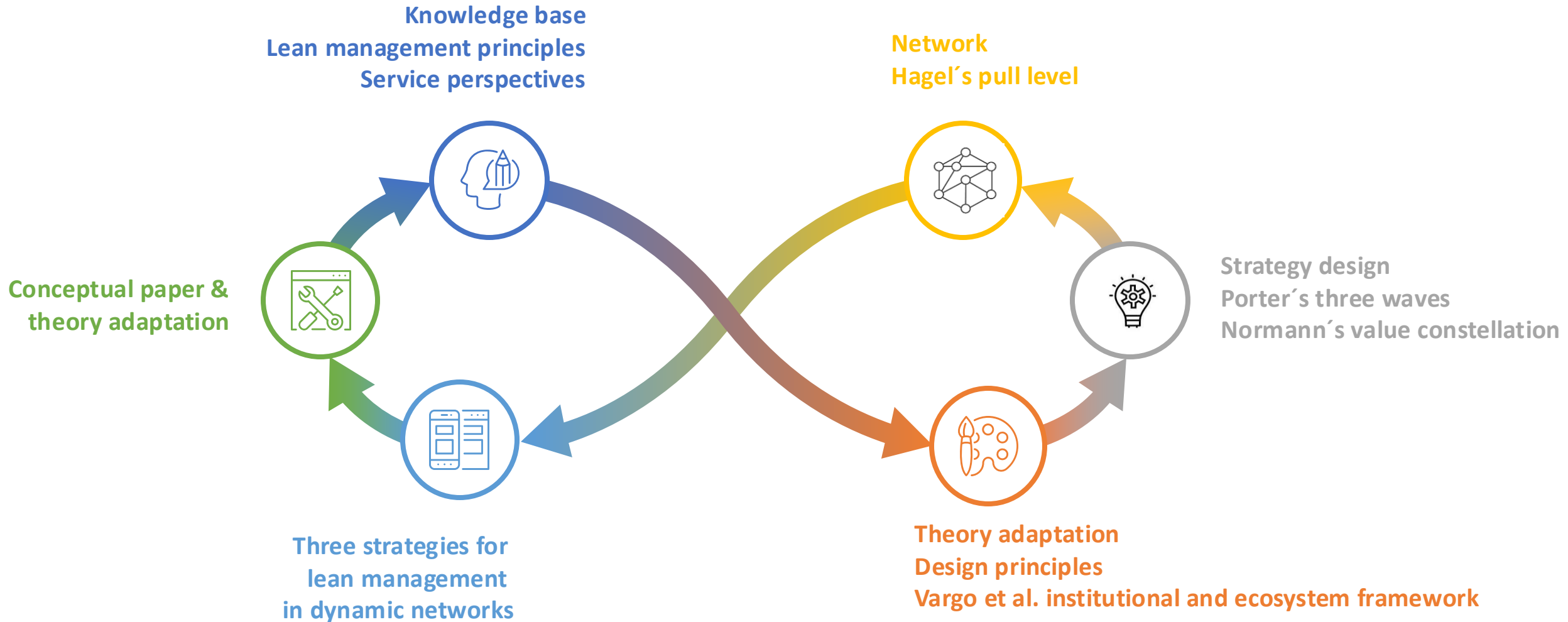


Life is dynamic interaction in complex networks of relationships:
„put the network eye-glasses on your noses“.
E. Gummesson, NFS, 2011

How can organizations improve their lean management strategies in dynamic networks?

02 Methodology

How can organizations improve their lean management strategies in dynamic networks?



03 Knowledge base: Lean Management Principles

1. Value

Value is defined by the customer; created by the producer.
„Kaizen“ as continuous incremental improvement.
„Willingness to pay“

3. Flow

Ensure continuous process flow without interruptions.
„Focus on the product, rather than the organization“

2. Value Stream (Mapping)

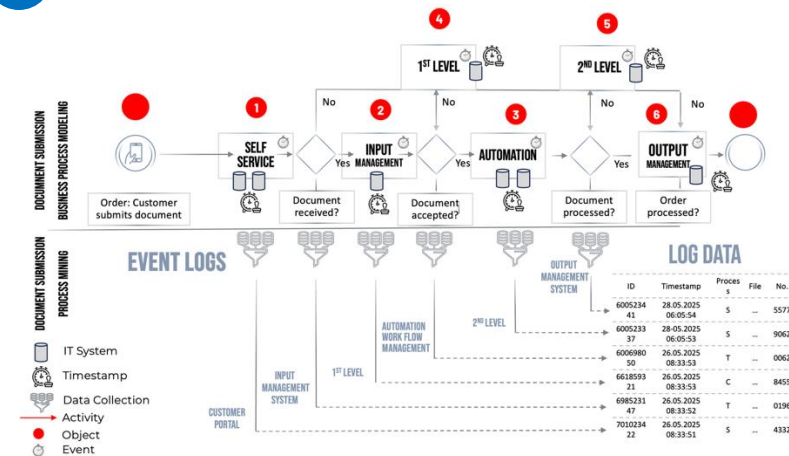
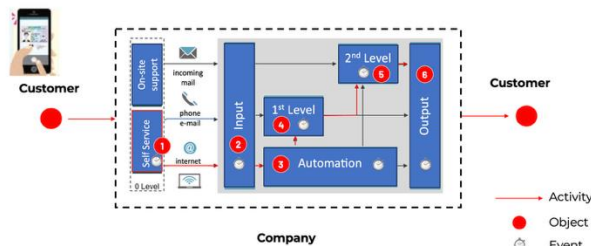
Set of activities required for a specific product or service.
Mapping categories:
„Value-adding“, „Non-value-adding but necessary“,
„Non-value-adding and unnecessary (to be eliminated)“.

4. Customer Pull

Products should be created only in response to actual demand.
„Let the customer „Pull“ instead „Pushing“ products without demand.

5. Perfection

„Keep pushing perfection by reducing waste and increasing value“



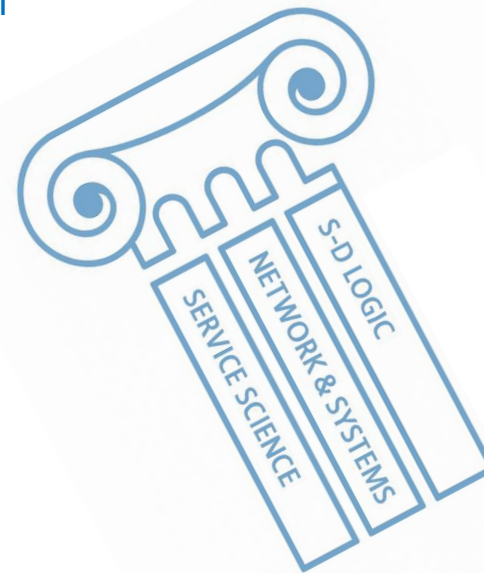
03 Knowledge base: Service perspectives

Models in people´s minds.
Process & Narrativ of Value Co-creation

Service-Dominant Logic

Models interpreting organizations or
entities as systems capable of maintaining
their viability due to dynamic adaptation

Viable Systems Approach



Models of the world.
Service System Thinking.
Service Science

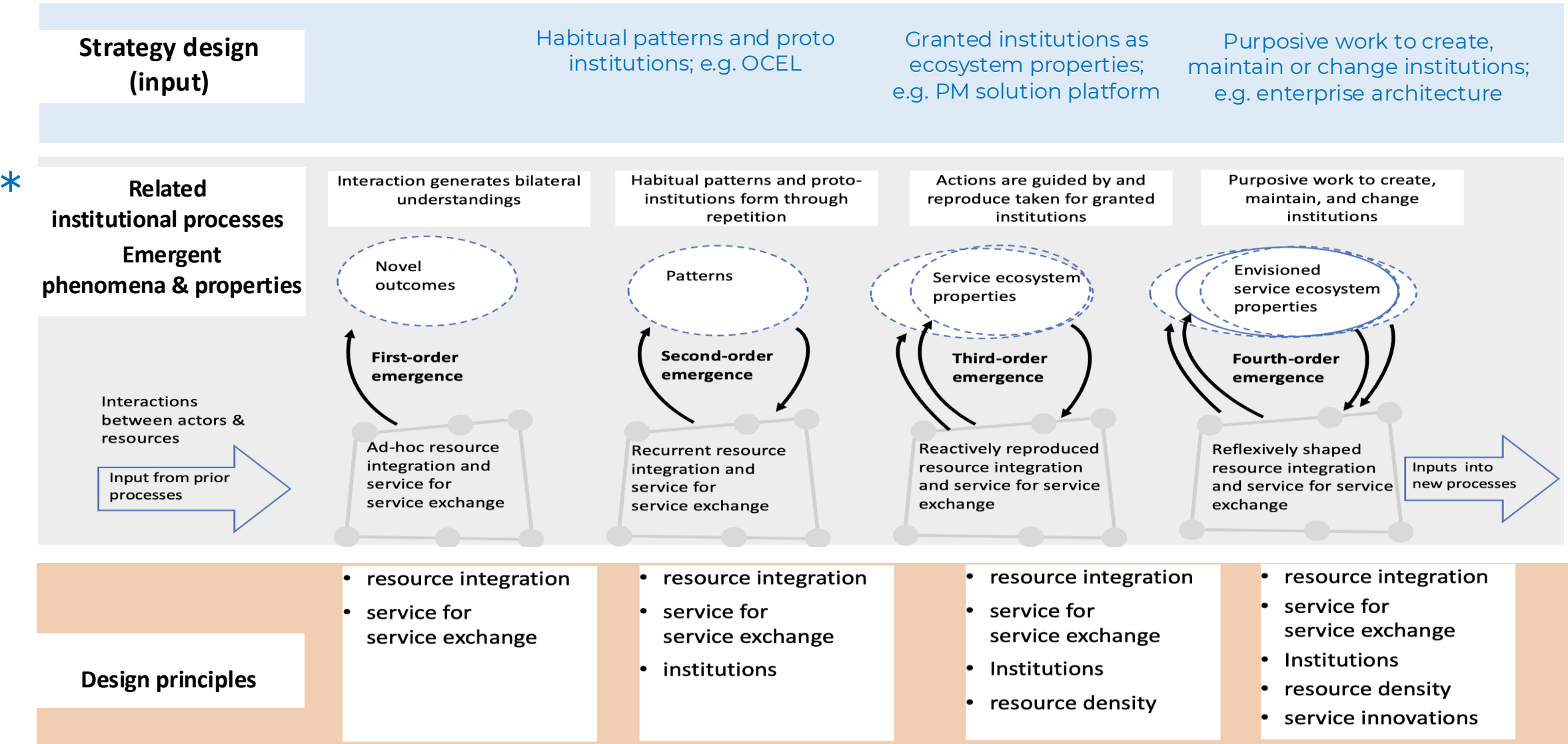
Models embedded in organizations structures and
cultures. SDA as purposive structure as medium &
output of processes that it recursively organizes

Service Dominant Architecture (SDA)

04 Theory adaptation

Theory Key Variables	Lean Management Design Principles	Service Concepts Design Principles	Extended Design Principles
Mindset	Goods-Dominant; value chain; continuous process improvement (kaizen)	Service-Dominant; value constellation; mutual value creation	Service for service exchange; actor to actor networks
Value	Created by producer	Co-created by many actors - including the beneficiary	Value co-creation; resource integration
Venue of value creation	Producer; objects; data	Beneficiary	Beneficiary as venue of value creation
Role of product	Output = value	Input -> renders services -> value in use	Product renders services; service provision
Role of customer	Pull value as product; "willingness to pay"	Co-creates value; interactive; resource integrator	Customer as co-creator of value
Role of Company	Producer of value; improving process and value; waste reduction	Co-creator; co-producer; reflexively shaping patterns and institutions	Mutual value creation; shaping patterns and institutions (e.g. service platforms); resource density; Service innovations
Relationship of actors	Dyadic; value chain; supply chain; transactional	Actor to actor; many to many; value constellation; relational; coordinated by institutions	Many to many; service for service exchange;
Role of network	Object to object; data generation; inter-company data exchange	Actor to actor; value constellations; service exchange e.g. data, knowledge, technologies etc.	Service for service exchange; pool for "Pull" of resources (employee, data, knowledge, capabilities...)

04 Theory adaptation



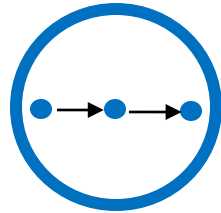
*** Vargo, Stephen L, Peters, Linda, Kjellberg, Hans, Koskela-Huotari, Kaisa, Nenonen, Suvi, Polese, Francesco, Sarno, Deborah, Vaughan, Claudia. (2022). Emergence in marketing: an **institutional and ecosystem framework**. *Journal of the Academy of Marketing Science*, 1-21. // 7**

05 Strategy design

Strategy design

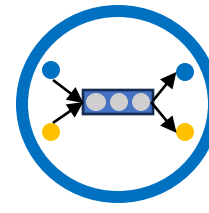
“Porter’s three waves”

“Normann’s from value chain to value constellation”



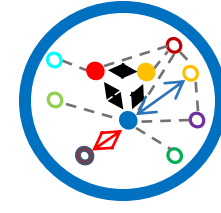
Value chain centered;
improving intra-company
value chains

Improving value chains;
habitual patterns and proto
institutions, e.g. OCEL



Solution centered;
transforming value chains by
inter-company linking

Transforming value chains;
granted institutions,
e.g. PM solution platform



Value constellation;
re-inventing products and core missions;
ecosystem level

New value constellations;
Intentionality, reflexivity,
e.g. enterprise architecture

Emergence order

„Vargo et al. institutional
and ecosystem framework”

Patterns

Habitual patterns and proto
institutions; e.g. OCEL

Granted **institutions**

as ecosystem properties;
e.g. PM solution platform

Purposive work to create,

maintain or change institutions;
e.g. enterprise architecture

05 Network „pull“ level

Network level
„Hagel’s power of PULL“

„Access“
to known resources

„Attract“
also unknown resources

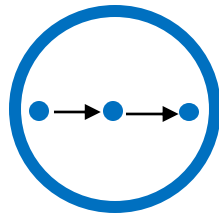
„Achieving“
organizations full potential

Process mining, e.g. OCEL

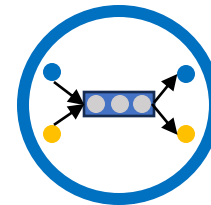
Process mining
solution platforms

Enterprise architecture
facilitating breathing
organizations

Strategy design
“Porter’s three waves”
“Normann’s from value chain
to value constellation”



Value chain centered



Solution centered



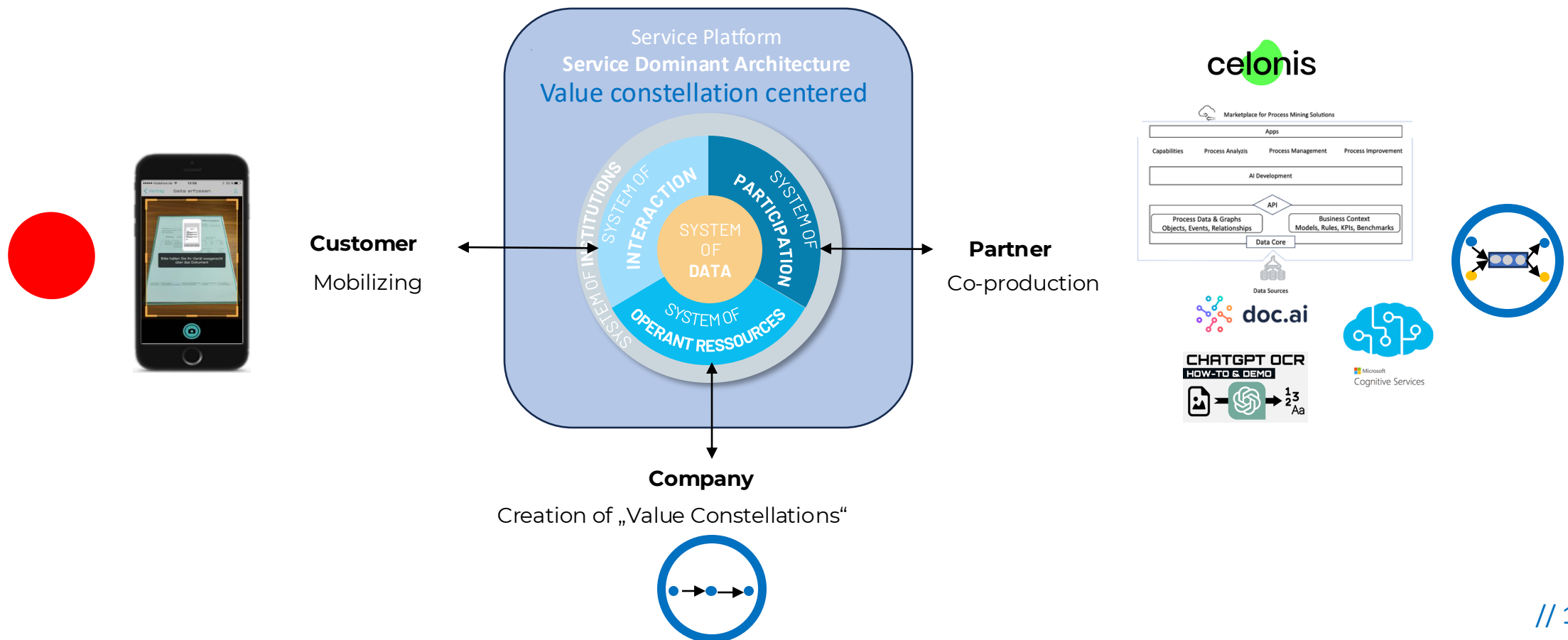
Value constellation centered

06 Three strategies for lean management in dynamic networks

Strategy (Porter et al., 2014) (Normann & Ramirez, 1993)	Focus	Emergence Order (Vargo et al., 2022)	Key Enablers	Network "Pull" Level (Hagel et al., 2010)	Organizational Scope
Value Chain Centered	Improving value chains; "Making many value chains better "	2nd Order	Inter-company process mining, Object Centric Event Logs (OCEL)	Access	Process level, (recurring actions)
Solution Centered	Platformizing capabilities across processes; „Down to one with solution platforms“	3rd Order	Process mining platforms, AI tools	Attract	Company-wide; (patterns, institutions)
Value Constellation Centered	„Leading with context and service platforms“; adaptation, breathing organization, scalable learning	4th Order	Service Dominant Architectures, reflexivity, actor coordination	Achieve	Enterprise & ecosystem level, (reflexivity)

07 Findings 1/2

Service Dominant Architecture (SDA) as purposive structure is medium and output of the processes that it recursively organizes; SDA facilitates to **intentionally shape service for service exchange with institutions and patterns**: „Breathing Organizations“

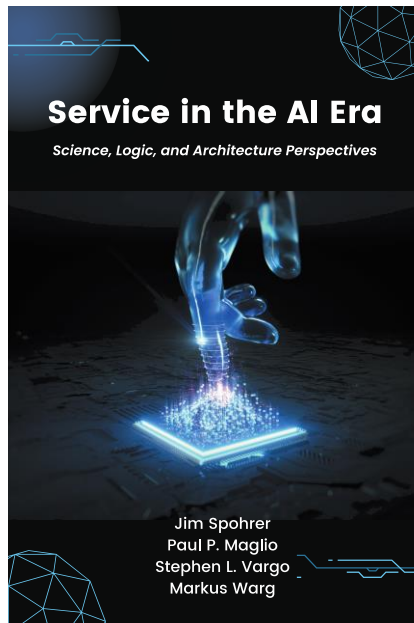


07 Findings 2/2

- Service perspectives are suitable to extend lean management design principles from value chains toward value creation constellations within dynamic networks
- The vital role of interactions and institutional processes is underscored by introducing three strategies with different levels of value co-creation in complex networks of relationships (“access”, “attract”, “achieve”)
- Architectures, especially pattern-based and agile emergent architectures like the Service Dominant Architecture are demonstrated to be crucial for the purposeful transition from value chains to value constellations
- “Breathing organizations” are introduced. Evolving the “pull” of resources and capabilities out of dynamic networks to improve the viability and adaptability and to achieve the full potential of an organization.

08 Outlook

- Status: service theories have proven their worth in explaining social and economic processes and phenomena.
- **Outlook and call to action: service theories should be more relevant in the planning and design of real life value propositions.**
- Field of research: purposive structures like Service Dominant Architecture



<https://www.ifsd.hamburg/USE-CASES-SDA/>

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SERVICE DESIGN
SERVICE DOMINIERT
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