ORGANIZATIONAL TRANSFORMATION THROUGH SERVICE DESIGN: THE INSTITUTIONAL LOGICS PERSPECTIVE

ABSTRACT

There is growing academic and managerial interest in service design (SD) with respect the creation of new offerings as a firm's strategic capability. Drawing on rich data collected in one of the world's major telecommunication companies that undertook a series of SD initiatives to improve its innovation capability, we demonstrate that the introduction of SD has far-reaching consequences for an organization. Instead of merely bringing new services, the SD initiatives have induced significant changes in the organizational mindset and routines. Through the transformation of symbolic constructions and material practices, SD principles and tools have essentially disrupted the established organizational logic. Building on the institutional logics perspective and acknowledging the role of individuals' institutional work, we identify the macro-level and micro-level mechanisms of SD-induced change in the organization logic. Our findings reveal that the transformation of the logic's symbolic dimension relies on a top-down mechanism and precedes alterations to the material dimension, which, in turn, depend on a bottom-up mechanism. The strongest driver of change in both dimensions is organizational members' intentions and personal revelations resulting from the use of SD. They play the role of an integrative mechanism that bridges the top-down and bottom-up mechanisms.

INTRODUCTION

The notion of service design (SD) has outgrown its original narrow interpretation as the detailed specification of service attributes and now covers the whole process of service development (Goldstein et al. 2002). Yet, SD is not just another word for service innovation, but a specific approach to it that relies on many disciplines and builds heavily upon design thinking (Stickdorn and Schneider 2012). The modern SD field has long been practice-oriented and approaches new services through an exploratory, constructivist enquiry with the aim of creating "new kinds of value relations between diverse actors within a socio-material configuration" (Kimbell 2011, p. 41). With its origins in the logics of design and art, its specific vocabulary, praise of empathy, holistic thinking, customer centricity, and ethnography as well as its focus on both the material and the symbolic, SD stands in contrast to the conventional view on the way of conducting business. The dominant logic of market, i.e., the established business mindset and tools used to accomplish business goals (Prahalad and Bettis 1986), has emerged around the ideas of self-interest, transaction, value-in-exchange, value chain, efficiency, and profit maximization (Prahalad 2004; Thornton, Ocasio, and Lounsbury 2012). In addition, the ideas of bureaucratic roles, hierarchy, status, and managerial authority have formed the logic of corporation shared by organizational members (Thornton, Ocasio, and Lounsbury 2012). Despite the contrasts between SD and the logics of market and corporation, an increasing number of companies are attempting to capitalize on design by hiring designers or retraining in-house developers in design (Brown and Martin 2015; Karjalainen and Snelders 2009; Kolko 2015; Ravasi and Lojacono 2005, Yoo and Kim 2015). Following their dominant organizational logic, managers assume that design is a tool that through material outputs can assist in increasing profits and market share.

At the same time, managers often resist the alien ideas and unconventional activities of designers (Deserti and Rizzo 2014; Yoo and Kim 2015).

The existing literature is rather silent on if and how embedding SD in organizations affects organizational logics. Available studies that report organizational attempts to use SD are predominantly descriptive or prescriptive and do not offer an in-depth analysis of the potential organizational consequences in the form of transitions and transformations (e.g., Deserti and Rizzo 2014; Lin et al. 2011; Junginger and Sangiorgi 2009). Yet, what does the introduction of SD mean for a company operating under the conventional logics of market and corporation? Where do the apparent contradictions between SD and the logics of market and cooperation lead to? To our knowledge, our study is the first attempt to address these issues empirically. In doing so, we apply an institutional perspective (Lawrence and Suddaby 2006; Thornton and Ocasio 2008; Greenwood and Suddaby 2006) that has gained significant attention in both marketing (e.g. Humphreys 2010; Scaraboto and Fischer 2013) and organization science (e.g. Kostova and Roth 2002; Lounsbury and Crumley 2007). Institutional theory helps to explain organizational change and innovation through the concepts of institutional logic and institutional work – the latter also covering institutional entrepreneurship. Institutional logics are "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton and Ocasio 1999, p. 804). At the organizational level, institutional logics are reflected in organizational logics (Spicer and Sewell 2010). In turn, institutional work refers to the purposive actions "aimed at creating, maintaining, and disrupting institutions" (Lawrence, Suddaby and Leca 2011, p. 52).

Institutional logics are instantiated in socio-material practices (Gawer and Phillips 2013). This instantiation means that individuals carry them through their actions, tools, and technologies (Powell and Colyvas 2008). When a company introduces a new practice (e.g., SD) that diverges from the established frames of reference (e.g., the logics of market and corporation), organizational members in their institutional work are torn between maintaining and disrupting the existing organizational logic, which creates a potential for internal conflict (Besharov and Smith 2014; Seo and Creed 2002). Thus, by analyzing the adoption of SD in an organization, we investigate the role of SD in the creation, maintenance, and disruption of organizational logic.

There have already been several calls and attempts to investigate the role of institutions in value creation and service innovation (Akaka et al. 2014; Koskela-Huotari et al. 2016; Vargo and Lusch, 2016a, 2016b). As Edvardsson et al. (2014) argue, institutions ensure value co-creation and serve as a reference base for customers' value assessment. The authors stress that institutional logics are crucial for resource integration because they shape actors' roles, activities, and interactions. However, institutional logics do not readily emerge or change at the societal or service system levels; this process requires institutional micro-processes that involve individual actors and lead to the transformation of their logics (Thornton, Ocasio, and Lounsbury 2012). Since the latter implies the re-definition and re-interpretation of actors' roles and activities that determine value creation, the examination of such change processes at the actor level is necessary for understanding the nature and underlying dynamics behind complex service systems. It may also shed light on how service organizations explore and experiment with new institutional rules to cope with risk and uncertainty (Vargo and Lusch 2016b).

Thus, in our study, we explore the parallel macro- and micro-processes of how organizational members' institutional work – framed by their existing logic – prompt the introduction of SD and how SD influences the organizational logic through organizational members' institutional work. We follow the recommendation of Zilber (2013) to repeatedly switch the focus between institutional logics and institutional work instead of integrating them into one concept. In our empirical work, we apply an interpretive, insider-outsider approach and investigate the process of the adoption of SD in one of the world's largest telecommunication companies, Telenor, between 2008 and 2016.

THEORETICAL CONTEXT

Institutional Logics and Institutional Work

The institutional logics perspective is a meta-theory and a method of analysis (Thornton and Ocasio 2008; Thornton, Ocasio, and Lounsbury 2012). Institutional logic is a set of material practices and symbolic constructions that constitute organizing principles of a society (Friedland and Alford 1991). The notion covers shared, socially constructed assumptions, values, and beliefs that guide individual actions, interactions, and collective actions. Essentially, institutional logics shape the cognition and behavior of actors in organizations, ensuring the collective understanding of meaning (Thornton 2002). This makes the enactment and influence of institutional logics observable only at the individual and organizational levels (Friedland 2012). In firms, field-level institutional logics manifests themselves in a"local" organizational logic (Spicer and Sewell 2010) that may include various - and often conflicting - elements from multiple institutional logics (Besharov and Smith 2014; Dunn and Jones 2010; Prahalad and Bettis 1986). Among the mechanisms suggested for describing how field-level logics crystallize into organizational logics are the formation of organizational

identity, norms, and classification systems as well as attention direction (Thornton and Ocasio 2008). In particular, the local processes of legitimation by which these transformations take place include the resolution of contradictions in logics and various processes of discursive agency (Spicer and Sewell 2010).

An institutional logic is not a single, indivisible unit, but a dynamic formation with continuous changes unfolding at both the macro- and micro-levels (Thornton, Ocasio, and Lounsbury 2012). Thus, transformational change may take form of the replacement of one institutional logic by another (Rao, Monin, and Durand, 2003), blending of dimensions of diverse logics (Glynn and Lounsbury, 2005), and the separation of logics from a common origin (Purdy and Gray, 2009). In the case of less radical, developmental change, institutional logics may alter due to assimilation of external dimensions (Murray, 2010), internal elaboration (Shipilov, Greve, and Rowley, 2010), expansion to another field (Nigam and Ocasio, 2010), or contraction in scope (Reay and Hinings, 2009). Recent research suggests that, at the macro-level, such changes are driven by the availability and accessibility of multiple institutional logics due to cultural evolution (Thornton, Ocasio, and Lounsbury 2012) or institutional contradictions (Seo and Creed 2002). At the micro-level, changes in institutional logics emerge from the deliberate efforts of actors (Dalpiaz, Rindova, and Ravasi 2016; Jay 2013; Nigam and Ocasio 2010; Tracey, Phillips, and Jarvis 2011), i.e., their institutional work (Lawrence, Suddaby and Leca 2011).

Although research on the emergence of and changes in institutional logics is still nascent, most authors suggest that through institutional work, actors re-combine and merge different logics to set and achieve organizational goals. Lawrence and Suddaby (2006) group institutional work into three categories: creating institutions (e.g., advocacy, mimicry,

theorizing, educating), maintaining institutions (e.g., policing, mythologizing, embedding and routinizing), and disrupting institutions (e.g., disassociating moral foundations, undermining assumptions and beliefs). Institutional work often leads to collisions and re-interpretation of the established cognitive and behavioral models in organizations. This, in turn, results in institutional change (see, for example, Seo and Creed 2002; Smets et al. 2012; Thornton, Ocasio, and Lounsbury 2012).

Creating, Maintaining, and Disrupting Institutional Logics with SD

In early approaches to SD, researchers and practitioners regarded services as intangible, inseparable, heterogeneous, and perishable products and aimed for the development of tools for creating services that would be as effective and efficient as product engineering tools (e.g., Shostack 1984). However, following the shift in the perspective on service (Grönroos 2000; Norman 2001; Vargo and Lusch 2004), SD as a practice has evolved from designing services to designing for service (Morelli and de Götzen 2016; Meroni and Sangiorgi 2011). By turning away from creating new outputs to designing service settings and orchestrating service cues (Patrício et al. 2011), SD practitioners have started to challenge the dominant logics of market and corporation.

As a result, when actors embed SD in organizations, they do not merely adopt additional tools and methods to enhance their existing innovation processes. In fact, the introduction of SD tools, such as stakeholder mapping (Stickdorn and Schneider 2010), AT-ONE (Clatworthy 2014), context mapping, bodystorming, experience prototyping, vox pops (Miettinen and Koivisto 2009), and touch-point analysis (Clatworthy 2011), may contradict the traditional innovation processes based on the market logic. More importantly, by generating new subjects of conversation, offering tools for conversation, and enabling

experience, SD may disrupt existing institutions beyond innovation routines and provoke large-scale transformations (e.g., Manzini and Rizzo 2011). For example, SD may contribute to reconfiguring service systems (Koskela-Huotari et al. 2016; Patrício et al. 2011), innovating business models (Kindström 2010), and overcoming organizational design legacies (Junginger 2015). As Reason, Løvlie, and Flu (2016) argue, the use of service design tools in the implementation of new services may stimulate collaboration and alignment between departments, increase team engagement and participation, and create new, customer-centric routines. The transformative potential of SD methods has even prompted calls to recognize transformative design as a sub-field of SD (Sangiorgi 2011). From the perspective of institutional theory, this implies that the adoption of SD in an organization represents institutional work. This SD-based institutional work necessarily induces the process of organizational logic transformation (Junginger and Sangiorgi 2009), which has not yet been studied within service science and is the main focus of our empirical study.

METHODS

In-depth examination of meanings and practices is necessary for understanding how individuals create, maintain, and disrupt institutions in the course of enactment or institutional work in concrete social situations (Powell and Colyvas 2008). Thus, due to the unique intertwining of symbolic constructions and material practices, the investigation of the process of organizational logic transformation requires an interpretative approach. As a scientific method, this approach relies on a search for participants' understandings of organizational events with the purpose of capturing and modeling their meanings during the change process (Langley and Abdallah 2011). The central elements of this search are sharing experiences and relationships with participants and focusing on how and why participants

construct meanings and actions in specific situations (Charmaz 2006). In line with the recommendations for such studies (Langley and Abdallah 2011; Yin 2009) and existing research on institutional logics in organizations (Dalpiaz, Rindova, and Ravasi 2016; Jay 2013; Smets et al. 2012; Spicer and Sewell 2010; Tracey, Phillips, and Jarvis 2011; Zilber 2002), we chose a case of a single company, Telenor Group. We selected this company for its revelatory potential and for the possibility to conduct an in-depth study of change. As one of the largest telecommunication companies in the world, our case company was an excellent exemplar of a company operating under the market institutional logic. This, combined with the company's initiatives to incorporate SD practices in the operations and innovation activities, made it an ideal candidate for our study. Two of this paper's authors worked in the company's research department and followed the organizational processes from the inside, taking field notes and having formal and informal conversations with organizational members. This allowed us to capture participants' meanings immediately in the course of change. Additionally, other researchers and employees from the company reviewed and commented on the findings. One more author participated in most of the formal interviews and observations as well. The direct access to a company with a research department ensured richness of data, whereas the combination of insider and outsider perspectives contributed to their trustworthiness (Langley and Abdallah 2011). Table 1 presents sources we used in our data collection during 2008-2016.

[Insert Table 1 here]

Interviews. In addition to informal conversations with key stakeholders across operations, we used semi-structured interviews to get an in-depth insight into reasoning and reflections of organizational members. This, in turn, allowed us to understand the logic

through which they viewed the world (McCracken 1988). The interviewees were 64

managers, directly involved in the company's SD and innovation projects. They ranged from

the vice-president level reporting to CxOs to the middle-management level responsible for

strategic initiatives or programs. These respondents were our key informants as initiators,

active participants, or immediate recipients of the SD-related changes. We used interview

guides with a flexible structure of questions allowing deviation from the sequence in order to

follow interesting lines of inquiry or go deeper into accidentally appearing topics (Easterby-

Smith, Thorpe and Jackson 2008). The questions covered the company's existing practices at

the time of interview, personal experiences with and interpretation of the SD principles and

tools, the fit between SD and the organizational mindset and practices, challenges and

opportunities related to the SD adoption and use, reflections on the participation in the SD

training (for the training participants), and visions about the future of SD in the company.

Interviews lasted for 30-45 minutes, were digitally recorded and transcribed verbatim.

Observations. Moreover, we conducted both participant and non-participant

observation. As a direct monitoring of people's behavior in natural surroundings, it was

particularly suitable for studying processes, human relationships, behavioral patterns, and

sociocultural contexts (Jorgensen 1989), thus being indispensable for micro-institutional

research on organizational logics (Smets et al. 2012). In our study, we observed managers

from different levels of the organization in their everyday activities, paying special attention

to strategic meetings and SD workshops (in total, more than 135), since these were the

situations where the key discourse normally took place (Table 1). We recorded observations

through field notes, photos, and videos.

Archival records, internal surveys, and artifacts. Although interviews and observations were our main data sources, we also used archival records, such as internal reports, corporate annual and biannual surveys, electronic communications, presentations, and documents. Finally, we examined SD-related artifacts (e.g. customer journey maps, storyboards, drawings, experience prototypes) that organizational members designed during the SD workshops or in their daily operations after the SD workshops.

Data analysis. To model informant meanings and interpretations of organizational events, we analyzed data from all our sources inductively during and after the data collection process. We followed the procedure developed by Dennis A. Gioia (e.g., Corley and Gioia 2004; Gioia et al. 2010) that is considered particularly suitable for research on strategic change and sensemaking (Langley and Abdallah 2011), including change in institutional logics (e.g., Tracey, Phillips, and Jarvis 2011). Thus, we first developed in vivo "open" codes by identifying initial concepts in the words of participants. We further grouped these into higher-order themes through axial coding based on the relationships among the initial first-order codes. Finally, we assembled similar themes into aggregate dimensions that served as overarching elements. We performed this procedure in an iterative way, moving back and forth between codes and data, until consensus among all researchers emerged. Figure 1 illustrates our final data structure that we used to develop our model. Table 2 contains additional supporting data that reflects representative quotes for our first-order codes.

[Insert Figure 1 here]

[Insert Table 2 here]

SD AS A DISRUPTER OF AN ORGANIZATIONAL LOGIC

Overview of the Company

Telenor is an international provider of tele, data, and media communication services with more than 211 million mobile subscribers and 36,000 employees operating in 13 markets, with subsidiaries (or Business Units, BUs) across the regions of Nordics, Eastern Europe, and Asia (as of June 2016). It is one of the top 500 global companies by market value, according to Financial Times Global 2014. Founded in 1855, Telenor has a long tradition in developing and taking advantage of new technologies. The company offers advanced telecommunication services, including all types of telephony, Internet access, and multimedia content. Recognizing that the telecom industry has a wide-reaching and long-term influence on people's lives, Telenor views its role as more than a mere communication enabler and actively diversifies its portfolio of services and products. For example, in some of the markets, the company offers, in addition to telecommunications, digital financial services (e.g., Serbia, Pakistan), mobile healthcare services (Bangladesh), and low-budget smartphones (Eastern Europe and Asia). In addition, Telenor has recently turned its attention to digital services that do not require a country affiliation to provide them on a global scale (e.g., online classifieds).

Macro-Micro Inconsistencies

Our analysis of data from the early period demonstrated that Telenor's organizational logic was an aligned combination of two ideal types of institutional logics (see Besharov and Smith 2014, p. 314, for logics alignment and Thornton, Ocasio and Lounsbury 2012 for ideal types). In relationships with other market players, such as customers, suppliers, and government agencies, the company followed the market logic with transaction as its root metaphor, increase in efficiency and profit as its basis of strategy, and status in market as its basis of

attention. In turn, the logic of corporation guided the behavior of organizational members who viewed their company through the prism of hierarchical structure, tended to identify themselves with assigned roles, and focused their attention on preserving or improving their status in the hierarchy. During a century and a half, this combination – typical for most big companies – proved to be successful, ensuring growth in the Norwegian market. Yet, their macro- and micro-levels were inherently inconsistent in both symbolic constructions and material practices. On the one hand, organizational performance goals steered individuals, but the latter regarded their contributions to goal achievement as a means to satisfy their own ambitions and fulfill the obligations imposed by their roles. On the other hand, organizational routines were functional and effective in ensuring efficient operations, but, at the same time, nearsighted, in most cases involving only the immediate colleagues, concerning short-term objectives, and building on a step-by-step approach.

Performance orientation. Almost since its very establishment, the company saw its services exclusively as intangible commodities that are created in-house through a new product development process and then sold and delivered to customers on a transactional basis. The focus on profit, cost, and efficiency were deeply ingrained in the mindsets of managers and employees across the whole organization. As our respondents described it, this perspective was "a simple truth" in the organization, while employees were "married to the project methodology" with "complete scores, planned deliverables, and business cases". Deadlines were "sacred"; meeting personal key performance indicators (KPIs) and increasing personal visibility were two primary incentives to get things done. Some managers commented on their company's strategic focus on incremental improvements. For example, one of the interviewees told:

> We focus on cost-saving, and no one is willing to take the risk of stepping out and suggesting
>
> something new (…). And if someone does, it is not taken into consideration.

Other managers admitted that radical innovations might have negative effects or require longer periods to demonstrate positive results, whereas KPIs had to be reported annually and quarterly, and thus, they saw incremental projects as safer and more appropriate. A corporate report on the internal, company-wide (15,848 employees) survey of organizational culture – based on O'Reilly, Chatman, and Caldwell (1991) and conducted in 2014 – confirmed this status quo. The respondents from all countries across Telenor Group stressed their outcome orientation characterized by high expectations of performance and achievements. In turn, innovation and team orientation were least prioritized.

Myopic practices. The company had a clear hierarchical, functional organization with each department working autonomously and providing inputs to the subsequent department in the chain. In most of the departments, there was no specific practice aimed at the direct search for customer needs or detection of customer problems. All contacts with customers were predominantly limited to the departments of marketing and customer service. If customers experienced issues, they had to contact the customer service department who then sent the information further to other departments, i.e. problem solving was exclusively reactive. New services were typically the result of a formal stage-gate process that normally did not involve customers directly. It began with the idea development stage, and the criteria at the first decision gate were either high technological effects or high economic gains in the short run. Few ideas passed the first gate and proceeded to the initiation phase. The next gate was based on the evaluation of costs, followed by a careful analysis of technical capabilities. If this third gate was passed, the project received the necessary means for the development

and implementation phases. Although the project could be stopped before the means were provided, almost none was terminated after that.

Triggers of Change

In line with previous research (Dalpiaz, Rindova, and Ravasi 2016; Jay 2013; Nigam and Ocasio 2010; Seo and Creed 2002; Thornton, Ocasio, and Lounsbury 2012; Tracey, Phillips, and Jarvis 2011), we found that in our case, the processes that brought changes in the organizational logic happened at both the macro-level and the micro-level. At the macro-level, factors were numerous, but they were disturbing the organizational logic only gradually and marginally, following changes in the institutional field of the company. Nevertheless, at the beginning of our immediate data collection, the macro-level factors had already limited many of the established material practices in the organization. They also created opportunities to act in a non-institutionalized way but without contradicting the existing organizational logic's symbolic constructions. Guided by performance and visibility considerations, organizational members started to seize these opportunities and discovered, to their surprise, the problems associated with the existing organizational logic. This recognition unleashed a chain of actions that significantly disrupted the existing symbols and practices.

Organizational logic erosion. At the turn of the 21st century, the rate of change in the telecom sector had accelerated, due to both technology development (e.g., the rise of Internet) and the easing of political constraints (e.g., the deregulation of national telecom markets). Thus, after the Norwegian Ministry of Transportation and Communications lifted Telenor's monopolistic position on fixed telephony and data traffic to business customers, and, eventually, mobile telephony, the company faced its first competitor in the Norwegian market (in 1993). In 1998, the government repealed the remaining monopolies, finalizing the

liberalization of the telecom market. During the next two decades, due to a wider choice of service providers, faster exchange of information, and low switching costs, both private and business customers received higher bargaining power, eventually forcing telecom providers to pay more attention to customer experience and satisfaction. On the other hand, increased competition in the domestic market and its stock exchange listing (in 2000) stimulated Telenor's expansion to multiple markets, both in Nordics, Eastern Europe, and Asia. The expansion was active and fast, through acquisitions and establishments of foreign subsidiaries (BUs). As a result, managers, especially from the top and middle levels, had been continuously exposed to the multiplicity of diverse institutional logics during a decade. The first-hand experience with and awareness of market differences in the ways of making business and treating customers had become imprinted in managers' minds even if the managers were simply amused by the facts and had no inclination to change their own practices. Together, these factors had been eroding the established organizational logic, exacerbating the discrepancy between its symbolic constructions and material practices. This process, however, remained largely unnoticed by organizational members, who were not yet aware of internal inconsistencies in their logic and its rapidly diminishing fit with global trends. For example, one of the respondents told:

> When we tried to work together with a large Asian company in an innovation project, we were stuck because we did not know how we should do it. Should we choose our innovation process or theirs? What kind of information could we share? Should we consider them a partner or a supplier? Would it mean the violation of our purchase routines? May be there are answers to these questions, but we just go our way.

Problem recognition. In 2006, a group of in-house researchers, who were inspired by a high number of customer complaints related to the installment of a fixed broadband

connection, suggested using SD principles in a study of the installment process. In particular, they decided to focus on the customer experience across touchpoints. Several customers got an invitation to document their experiences in diaries during the whole process of interaction with the touchpoints (cultural probing) and then participate in interviews. The study results surprised managers by revealing the gap between the planned service and the customers' actual experiences. The managerial interest inspired internal researchers to suggest and develop the Customer Journey Framework (CJF). This included a toolbox to visually map the so-called "customer journeys" (customer experiences across all touchpoints) based on the actual data collected through customer interviews, diaries, and the direct process tracking. The CJF also encouraged cross-functional collaboration, necessary for ensuring the seamlessness of customer journeys. The researchers presented their idea in several BUs, received positive feedback, and decided to pursue its development with further piloting.

The prototyping and presentation of the CJF had mobilized discourse by making managers on various levels familiar with the vocabulary associated with customer journeys. This inspired proactive individuals who recognized the broad strategic value of SD thinking to initiate explorative studies of organizational processes using SD. Once again, the outcomes of these studies were revelatory, calling for an action from the top management. High churn rates were the direct consequence of customers suffering from the focus on rigid project fulfillment and the lack of cross-functional collaboration in service delivery. Studies demonstrated that organizational members shared a "silo mentality", i.e. lacked the desire to share and coordinate valuable information with other departments and, sometimes, even with the immediate colleagues. Teams that operated specific touchpoints had no overview of the service process or even other touchpoints and were not particularly interested in such information either. In informal conversations, managers expressed a lack of incentives to be

concerned about other teams' work, because they were not "measured" on this. In other words, no general approach and responsibility for ensuring a holistic customer experience existed. The top management described the situation as "critical" when they learnt about these findings. The myopic practices became evident. One of the BU-representative reflected in an interview:

> We are too traditional to be able to come up with something new in the market. So we need to change our culture by innovating our processes with proactive service design and putting our customers in the center of decision making.

Top-managers' reaction. In yet another cycle of discursive agency in 2010, the SD enthusiasts managed to persuade top management to launch the CJF as a strategic marketing tool for the whole company. Moreover, the increased attention to customers resulted in including the organizational goal of becoming "loved by customers" in a new strategy, launched in 2013. As the top management group declared in the strategy, to become loved by customers, the organization needed "to have a strong customer understanding, be a truly caring organization, deliver valued services and products, and to offer a superior touchpoint experience" (the official website). Influenced by the SD enthusiasts who saw this new organizational goal and SD as particularly congruent, top management further legitimized SD by defining SD capabilities as one of Telenor's core organizational capabilities.

A group of internal researchers and operational managers saw this as an opportunity to initiate an ambitious project on educating higher-level managers in SD. Through presentations and other types of internal lobbying, the group convinced the executives to sanction a training program in SD in seven BUs (in Europe and Asia) during 2014-2015, called "Service Design Academy" (SDA). Its goal was to train the key decision makers in

"thinking like a designer" and to provide process support to change the way of working by using SD thinking, including the main elements from the CJF.

The training program followed exactly the same procedure in all BUs. It was based on the principles of active learning, involving minimum lecturing and maximum practicing in cross-functional teams. The participants learned that SD thinking was an iterative approach to problem-solving that emphasized empathy, user-centricity, integrative thinking, cross-functional collaboration, and the active use of ideation and visualization tools. In addition to having the existing CJF as a core element, the SDA included various SD tools, such as personas (fictional representative customers), co-design with real customers, visual communication (drawing), design facilitation (managing cross-functional collaboration), brand and service personality (designing services that fit with the brand), wow-experience (designing radical services), and experience prototyping (service staging). In the development of the SDA content, the coaches - two SD professionals - aimed to infuse the organization with these new ways of thinking and doing. They encouraged the participants to challenge the established mindset and practices by looking for "what might be" rather than "what must be" or "what is". They placed customers and customer experience at the center of the program and paid special attention to understanding and mapping customer emotions in each of the existing or potential touchpoints, thus moving focus from the functional toward the emotional.

Discrepancy Between New Symbols and Old Practices

In our analysis, we discovered that, at the first sight, managers were very responsive to the SD initiatives. They demonstrated interest in new information and talked enthusiastically about SD. In both formal and informal conversations, they actively used SD terms. It seemed

that the whole organizational discourse reflected the active process of changing existing organizational mentality and routines. On closer inspection, however, we noticed that the change process in the symbolic and the material dimensions of the organizational logic happened at a different pace. Despite the institutionalization of new symbolic constructions, organizational members continued to favor the established material practices, contenting themselves with mere re-labeling. The awareness of the problems with the organizational logic was increasing, but these problems were related to the company as a whole, and were not affecting the personal goals of individual organizational members. On the one hand, the company entered a period where its logic became discrepant from a theoretical point of view, because material practices did not correspond to the denotations of new symbols. On the other hand, this discrepancy remained unnoticed *de facto,* because most organizational members simply re-assigned old connotations to the new symbols. The only exception was managers who started to use SD tools to comply with newly legitimized requirements or to increase personal visibility. Notably, even they were predominantly concerned with the mere fact of using the tools rather than application accuracy.

Organizational vocabulary change. From the very start of the SD initiatives, organizational members showed a remarkable ability to absorb new terms and concepts. "Customer journey", "experience", "user-centricity", "customer perspective", "user-friendly", "mapping", "persona", "co-creation", "engagement", "holistic", "cross-functional team", "collaboration", and other SD-related terms quickly became a part of the organizational vocabulary. Managers from all BUs actively used them in presentations and informal conversations, especially with the top management group. SD terms provided them with legitimacy and the possibility to speak with authority and demonstrated that the speaker kept step with organizational development. The SDA participants eagerly shared their

experiences after training, and many of them were genuinely excited about their newly obtained skills. One of the participants enthusiastically told us about his training during the SDA:

> Everything I have learned during the last 20 years has been thrown up in the air, and has landed upside down - in a good way.

Essentially, SD approached the "buzzword" status. The introduction of formal requirements on customer journey mapping and the announcement of SD as one of the core organizational capabilities had also contributed to the inclusion of SD terms in the organization's shared language. In turn, the high diffusion speed of the SD vocabulary ensured a wider recognition of the fact that focus on end users and their experiences had previously been lacking in the organization.

Since SD terms conveyed calls for human-centricity, empathy, and collaboration, they were particularly appealing to organizational members in Norway – a country with a strong focus on humanism (and the company's headquarters). Refuting, resisting, or ridiculing the message behind SD terms would have been inconsistent with the field logic of the company - Norwegian society's core values. As a result, both managers and employees had become more than simply aware of SD terms – they got used to them and eventually assimilated them. In some cases, SD terms had even substituted similar notions verbally. For example, "SD" substituted "new product development", "customer journey" replaced "service blueprint", "user experience design" began to take over for "software engineering".

Action inertia. Although organizational members had quickly adopted the new vocabulary, they were much less ready or willing to adjust their actions to it. The organizational logic, through the established mindset, short-term priorities, and appreciation

of day-to-day tasks, still constrained SD initiatives from actually infusing the material practice of the organization. Even a new regulatory institution in the form of a formal requirement to create customer journeys for both existing and new projects did not bring a real change in practices with respect to SD principles. Managers indeed started to use the term "customer journey", but what they were referring to was service blueprint, which they drew as a detailed description of the backstage service process without involving customers - similar to the original form that Lynn Shostack suggested in 1982. Searching for customers and spending time with them on a regular basis did not correspond to their normative institutions and thus were out of the schedule. Many managers simply saw no particular need for interacting with customers; they believed they could "guess" customer emotions by imagining themselves as customers. As a result, many of the SDA participants simply gave up. For example, one of our respondents admitted:

> I have tried to draw customer journeys [properly], thought I would turn crazy! And in the end, I did not manage to get people to see it in this way, because I think the right mindset is not there yet.

The lack of "the right mindset" was not the result of misunderstanding – all our respondents provided correct descriptions of SD tools in interviews, the principles were just not yet institutionalized as symbolic constructions. Essentially, organizational members used the knowledge of SD tools to assign new labels to existing practices, but then intentionally sustained the latter. In most cases, this was a decision dictated by the very same incentive that once led to the initiation of the SD initiatives – meeting personal KPIs. Restrained by routine tasks, organizational members saw SD tools as consuming too many resources, especially time, without promising a secure result. They suspected that this could deter them from the

achievement of their local goals. In addition, existing projects with pressing deadlines were not leaving room for new actions. One of the SDA participants explained:

> It is nice to go to such courses and learn a lot of interesting things, but then you come back and have a lot of things you have to do and finish in time. I would love to draw customer journeys more and reflect upon how they should have been. But I can't because we have a lot of other priorities.

Moreover, some of the SD tools, such as service staging and role play, aroused skepticism even in the minds of the SDA participants. During the training program, institutional restraints were softened and participants expressed clear signs of excitement and engagement when they practiced these tools. In interviews, they consistently announced that they had "a lot of fun", which was also evident during observations. Nevertheless, the normative institutions of the organizations proved to be more powerful, as the participants, when back in their regular work environment, judged these tools as being too "playful" and not suitable for the daily work of an employee and, especially, a manager of a "serious" organization.

Instrumental use of new symbols. Most teams diligently drew customer journeys – in the form of service blueprints - due to the formal requirement. "It is decided…, so we do it", as one of the respondents directly said. However, some of the participating managers resorted to the application of customer journeys and other SD tools in their original form to increase the chances of communicating their ideas to relevant stakeholders more successfully. They recognized that SD was not only the "shared language," but also trendy. On average, they were no less skeptical than the others, but they saw it as a chance to demonstrate their new expertise and support of the company's new strategy and thus, increase their visibility and

legitimacy in the organization. Some had even invited newly hired service designers to their projects. Yet, these in-house designers felt their work was not finding a fruitful ground. Many of them noticed the instrumental approach to SD and pointed out the resistance to real changes in innovation and delivery processes. One of the in-house designers complained:

> Sometimes we try to squeeze in our way of working in the existing models, but we do not get it in our way. It creates a lot of frustration... Sometimes I feel that our involvement is merely symbolic – because then they can say that they have used service designers.

Managers allocated resources in several competing projects at the same time, and SD projects – that were usually more costly – suffered from lack of time, funding, and human capital. Moreover, managers were reluctant to release their best resources to work on interdisciplinary projects within cross-functional teams, because it would imply the loss of their project ownership and direct control. Considering the experimental nature of SD, the projects seemed to be too fuzzy, messy, and risky – nothing like the conventional formal stage-gate process. In-house service designers were disheartened. For example, one of them told:

> Service design is supposed to drive innovation, but it needs room for flexibility, uncertainty, and chaos… So how can you innovate and develop new concepts when you have four hours a week scheduled to 'think-out-of-the-box'? Everyone has 'commitments' to be elsewhere and is continuously running from one project meeting to another. The premise to work effectively as a designer is simply not present.

Emergence of a New Logic

Thus, most of organizational members adapted to the disturbance of their established organizational logic by taking the path of least resistance ("new symbols – old actions") and

essentially preserving the status quo. This started to change when those managers, who applied SD instrumentally but in the intended form, made a series of personal discoveries about the SD tools and principles. These managers understood that, despite the playfulness and the seeming lack of formality, SD allowed them to "get things done" and to find solutions that were inconceivable within the former logic. In the end of our data collection period, we saw that an increasing number of teams were using the SD tools in their original form, while the deeply impressed managers were trying to formalize SD principles on a wider scale in the organization.

Understanding the power of new symbols. Soon, many managers noticed that even drawing service blueprints – under the name of "customer journeys" – could be useful. In addition to satisfying the formal requirement, they were pleased with getting an overview of the whole delivery process, allowing them to see what kind of resources they actually needed and to assess the general setup of the value chain. This positive side effect demonstrated the potential of taking the holistic perspective that was encouraged by the SD proponents.

However, considerable changes in the organizational logic began to happen through shocks and surprises that managers experienced when they saw the results of a proper application of the SD tools. Just as the results of the early exploratory SD studies in the organization were revelatory for the top management who sanctioned more formal SD initiatives, the managers' first-hand experience with SD had given them knowledge about the limits and potential of their own work. Some managers discovered – to their surprise – that their teams offered services that customer neither wanted, nor liked, nor used. For example, one of the SDA participants told us after the presentation to higher-level decision-makers:

> When the directors saw how many red cards there were on customer journey maps [reflecting negative customer emotions arising during the service delivery], they have actually realized that there is a problem.

The inclusion of the user research results (e.g., images, videos, quotes, sketches) turned out to be a winning argument in discussions about the funding and development of new projects. Moreover, those managers who were able to dedicate more resources on SD had eventually recognized that the SD tools indeed allowed their teams to identify previously unnoticed or unthinkable customer problems and needs. For example, one manager reported that when his team contacted a random customer to map her experience with the company's broadband service, he was shocked to hear that the customer had recently called customer service about 30 times to get one of her problems fixed. The team did not have a protocol in place to identify the frequency of calls from a particular customer, but this customer counted diligently for herself. Thus, even simple single-case inquires had demonstrated the ability to provide input for new ideas. The full-scale field studies, in turn, provided an even deeper insight. Managers realized that the goal of ethnographic studies was namely to get this insight, not to collect ready-made solutions from customers. Most reflective managers further understood that no SD tool was a guarantee of getting the required insight, because without the attempt to empathize with customers, the SD tools were of little use. When talking about empathy in user research, one of the project managers stated: "The most important tool is ourselves."

Convergence of new symbols and new practices into institutions. In many teams, the SD-induced shocks resulted in the introduction of formal functions related to SD, a more active use of SD tools, and genuine support of cross-functional collaboration. For instance, new SD-related employee profiles emerged (e.g., Digital Customer Journey Analyst), while

teams began to map real customer journeys (not service blueprints) and use storyboards, walkthroughs, and prototyping with customers. Actions started to gradually converge with the symbols that were earlier crystallized in the organizational strategy and vocabulary. Customer satisfaction became the third evaluation criterion – in addition to profit and cost – in the selection of ideas for new services. In one of the BUs, the SD-inspired managers had started to advocate for the inclusion of Net Promoter Score (NPS), a customer loyalty metric, in the KPIs even of those teams that did not interact with customers directly. One of the BUs' top manager noted: "Regarding service design, we are not built that way at all, but now we are moving".

While Telenor's organizational logic is still in metamorphosis due to the described internal processes, new external events and trends continue to influence it as well. Recently, the global competition took turn on digitalization encouraged by the extraordinary customer interest in digital interactions. Telenor's newly appointed CEO and president emphasized a "nightmare scenario" for telecommunication companies - where startups capture millions of customers by offering digital solutions, while telecommunication companies are stuck in a commodity business, delivering connectivity. To prevent this scenario, the top management group has launched a new strategic agenda for 2016-2020 to make Telenor "a more expertise driven company and an attractive employer for people with a digital mindset and competence" (the official website). Becoming "loved by customers" has started to imply becoming "the customers' favorite partner in digital life" through the provision of "the best network experience, personalized customer interactions, and digitized and automated customer journeys" (the official website). Essentially, customer journey has become a rhetoric device to promote digitalization. This again created an opportunity for SD enthusiasts to bring SD thinking into the innovation agenda. Before our data collection ended,

they had already started to promote it as an agile way of working and fast learning through a process of designing and prototyping together with customers.

A Process Model of Institutional Change

As our analysis shows, organizational logic change is a complex process characterized by the interplay between the micro-level and the macro-level. Our ten second-order constructs represent the key elements of this process. We identified different but interrelated mechanisms that unfolded in the symbolic and the material dimensions of organizational logic. Figure 2 illustrates the model of organizational logic change where four large rectangles correspond to the four states of the organizational logic during our study (S1, S2, S3, and S4). Noteworthy, these states do not represent four distinct logics, but the SD-fueled modifications of the organizational logic due to the inclusion of new symbolic and material elements or the gradual substitution of the existing ones.

[Insert Figure 2 here]

The company's external environment (e.g., market, government, industry) created a ground for the introduction of new symbols, while the belief in top management's authority – ingrained in the initial state of the organizational logic – secured their acceptance by organizational members. Sanctioned by top management, the transformation of the symbolic dimension went easier and faster. In this sense, it was *a top-down mechanism*. In turn, the transformation of the material dimension of organizational logic required more time, resources, and, more importantly, the actual recognition of the value of new practices. In this context, sensemaking, local problem solving, and experimentation played a decisive role, reflecting *a bottom-up mechanism*.

The initial state of the organizational logic naturally constrained organizational members' beliefs and actions (the feedback loop in S1) and continued to influence them while the symbolic dimension was being transformed (arrows to the material dimensions of the logic in S2 and S3). Yet, the very same logic created a driver of search and exploration that was inherent for organizational members – the intention to increase personal performance and visibility. The original organizational logic's dualism, inherent discrepancies, and gradual erosion essentially created opportunities for organizational members to act proactively for their personal reasons. When organizational members turned their attention to SD, the feedback loop between the organizational logic's symbolic and material dimensions was disrupted. In the next three states of the organizational logic, changes in the symbolic emerged from the material and then preceded corresponding changes in the material.

The bold arrows in the model represent the *integrative mechanism* that bridges symbolic and material institutional changes. This mechanism relies on both the organizational members' explorative actions and their revelations (insights, surprises, and shocks) related to the results of these actions. In our case, the presence of these two conditions was necessary for a disruptive change to happen. Without such revelations, the existing symbols would be maintained and the established routines would be repeated, implying a new feedback loop. Although SD-related actions eventually led to the emergence of a new organizational logic, it was an unintended consequence – none of the early SD initiatives aimed at the organization-wide transformation of symbols and practices. Even during the SDA, the coaches presented the SD tools as potentially complementary to the existing practices.

DISCUSSION AND CONCLUSION

Theoretical Contributions

Our systematic examination of Telenor's experience with SD provides a unique in-depth insight into how the adoption of SD influences the organizational mindset and practices. With respect to the SD field, our study demonstrates that, in contrast to the typical views on SD within traditional innovation research (e.g., Goldstein et al. 2002; Menor, Tatikonda, and Simpson 2002), SD is more than a practice for innovating services or a stage in the new service development process. Instead, it is a powerful transformative force, capable of changing institutions, and as such, may play an important role in transforming organizations and societies. In fact, none of our respondents paid any particular attention to new services in describing the SD adoption, but instead actively stressed changes in the organizational mindset and practices that the introduction of SD had brought. Our study also explains the reasons behind the resistance of many employees to the activities of designers, even if a company's top management supports the idea of using SD (Deserti and Rizzo 2014; Yoo and Kim 2015). As we show, this resistance and action inertia are not the results of misunderstanding, but of the discrepancy between organizational institutions and SD practices. This provide a strong support to Junginger's (2015) arguments for the necessity of combating existing organizational institutions – organizational design legacies – to successfully conduct SD activities. Yet, in our study, these design legacies, as manifestations of the organizational logic based on the logic of market and corporation, did not only hinder the adoption and use of SD, but, in a dialectical fashion, also prompted its introduction and diffusion. As we find, the inherent impulses of this dialectical motion were individuals' explorative actions and revelations. Interestingly, both these impulses are in line with the

spirit of SD that encourages exploration and the creation of "wow experiences" (e.g., Lin et al., 2011; Stickdorn and Schneider 2012; Pine and Gilmore 2000; Zomerdijk and Voss 2010).

As concerns service research, there have been calls for more empirical studies on the role of institutions in service innovation (Vargo and Lusch 2016a; 2016b). In response, some researchers have already started to focus on resource integration in service ecosystems through the lens of institutional theory (e.g., Edvardsson et al. 2014; Koskela-Huotari et al. 2016). Our study responds to the same calls but instead addresses the issue of institutional transformations from a micro-level perspective, which implies focusing on the microfoundations of institutionalization (Powell and Colyvas 2008). In doing so, we unveil processes that start at the actor level but influence the nature and dynamics of service systems. More specifically, we identify how and why institutional logics, necessary for value co-creation (Edvardsson et al., 2014), are created, maintained, and disrupted. Acknowledging the role of individuals, recent studies have suggested mainly two types of processes of institutional logics change. The first type is characterized by the intentional efforts of institutional entrepreneurs to strategically configure and reconfigure the existing logics (e.g., Dalpiaz, Rindova, and Ravas 2016; Spicer and Sewell 2010). The second type describes institutional change as emerging "accidentally" from situated improvising by practitioners who carry different logics and try to cope with novel complexities (Smets et al. 2012). Both types assume the availability of distinct logics at the field level that either coexist or collide at the organizational level. In line with previous studies on change in institutional logics, we observed the importance of mobilizing discourse (Spicer and Sewell 2010) and legitimation (Thornton and Occasio 1999) for the establishment of new symbolic constructions. Similarly important were local problem-solving and improvisations (Smets et al. 2012) with subsequent sensemaking (Bertels and Lawrence 2016; Dalpiaz, Rindova, and Ravasi 2016) for the

implementation of new practices. Yet, the process we identified in our study significantly differs from the processes described in the existing literature. We found that the organizational logic itself contained a potential for its own transformation. More specifically, it not only constrained but also enabled organizational members who, by acting for personal reasons that were coherent with the organizational logic, eventually disrupted it. A series of SD initiatives undertaken by some organizational members disclosed the inherent inconsistencies in the organizational logic and propelled the process of transformation. This process was characterized by discontinuous changes that resulted from personal revelations and by gradual erosion that remained largely unnoticed by organizational members. Thus, we identified three main mechanisms that together ensured institutional logic change: 1) a top-down mechanism that drove changes in the symbolic dimension; 2) a bottom-up mechanism that brought changes in the material dimension; and 3) an integrative mechanism that resolved discrepancies in the symbolic and material dimensions emerging from the top-down and bottom-up mechanisms. The integrative micro-level mechanism where symbolic constructions and material practices collided, was the strongest driver of the process of the organizational logic transformation.

Managerial Implications

An increasing number of organizations are turning their attention to SD and trying to apply it in their daily work. Yet, managers, employees, and designers experience major difficulties in using SD practices in large, established organizations. Our study offers numerous lessons for managers and other practitioners who deal with these issues. The poor fit of SD with the traditional managerial logic that favors performance orientation and formal, linear practices is the main reason behind the challenges in the implementation of SD. Instead of expecting

immediate outcomes in the form of new services and more satisfied customers, managers who experiment with implementing SD should prepare themselves to an organization-wide transformation that includes changes in employees' mindsets and routines. As our case demonstrates, the success of embedding SD in an organization depends on the employees' understanding of the value of SD principles and tools. This understanding is necessarily a result of first-hand experiences with the intended application of SD, but the existing practices typically hinder such an application. Top management can overcome these hindrances by encouraging the creation of a new, SD-based corporate language, by realigning KPI's with SD principles and objectives, and by providing room for experimentation. As our case shows, a specialized training in the form of workshops can be particularly valuable in familiarizing managers and employees with SD and in stimulating the organizational vocabulary change. In fact, such training can be more effective in diffusing SD in an organization than hiring external designers. In turn, employees' revelations that result from their personal experiences with SD, can further ensure a smooth transition from a rigid, shareholder-value-focused firm to a more flexible, customer-centric, and design-driven organization.

Future Research

This study presents the detailed documentation of an organizational transformation process that SD initiatives induced. For both academics and practitioners, this offers rich opportunities for further exploration. Future research avenues encompass investigating the reactions of various stakeholders (including customers) to the introduction of SD by firms and conducting experimental studies to isolate the causes of the observed events and outcomes. An interesting topic would be the examination of how and why members of the same organization differ in their attitudes and actions towards SD; this may partially explain

the dialectical tensions that we observed. The problem and opportunity areas that this study identifies may provide an inspiration for SD practitioners to refine their efforts in searching for better ways of dealing with organizational design legacies. Our findings related to the role of KPI's in inhibiting and propelling the SD adoption may motivate the search for a SD-based performance management system. The possible introduction of SD in industries that are traditionally regarded as conservative with respect to innovation (e.g., auditing and accounting) or even outside the service sector (e.g., construction, mining, and agriculture) may also be of significant interest for future studies.

An important future research direction may be the exploration of an intriguing link between SD, institutional logics, and service-dominant logic. Vargo and Lusch (2004, 2008, 2016a) use the rhetoric of the institutional logic perspective - both implicitly and explicitly - to contrast the so-called "goods-dominant logic" (GDL) and "service-dominant logic" (SDL). The authors' notion of GDL is analogous to what Thornton, Ocasio, and Lounsbury's (2012) name "institutional logic of market" and what Prahalad (2004) calls "the dominant logic of the traditional value creation process." In addition, the principles of modern SD have a close correspondence to SDL's axioms (Kimbell, 2011; Morelli and de Götzen 2016; Wetter-Edman et al. 2014). A rapidly growing interest in SDL as a logic that is network-centric and experience-focused (Lusch and Nambisan 2015) indicates its potential to become institutionalized in the near future. Considering the coherence between SD and SDL, the diffusion of SD among organizations may become a strong driving force for the institutionalization of SDL, extending it from the theoretical domain into practice. Essentially, SD stimulates the overt micro-level processes of mobilizing discourse and legitimation that challenge the existing, GDL-based organizational symbolic constructions and material practices. At the same time, SD offers numerous tools that are congruous with

SDL and allow taking a holistic perspective over the actor networks (e.g., Patrício et al. 2011; Stickdorn and Schneider 2012). This provides the basis for the covert micro-level processes of experimentation in innovation practices that eventually result in new, SDL-compatible organizational routines. The investigation of these SD-induced processes of the institutionalization of SDL among a wider system of actors may provide valuable insights about the dynamics of value co-creation and contribute significantly to theory development within SDL.

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Table 1. Data sources: the descriptive characteristics

Source	Amount	Period
Interviews	*64*	2012-2016
Participants in the Service Design Academy (SDA)	30	2014-2015
Directors	11	
Project/program managers	12	
Telecom-related experts	4	
Internal advisers	3	
Stakeholders of the SD-based innovation project	8	2016
Project members	2	
Directors/functional management	5	
Top executives (level 1 and 2)	1	
SD team	8	2016
Innovation managers	18	2012, 2014
Participatory Observation		
HQ meetings (SD as organizational capability), weekly	84	2014-2016
Project meetings (innovation process), every second week	18	2015- 2016
Global all-hands meetings (CEO- and Executive VP-levels)	20	2014- 2016
Strategy meetings (VP and Senior VP-levels)	Sporadic	2012-2016
SDAs across the company, 40 participants each	10	2014-2015
General Executive Management session (introduction to SD)	1	2014
Innovation workshops	2	2014, 2015
Archival records		
Project reports on the Customer Journey Framework (CJF)	40	2008-2016
Strategic presentations CJF	20	2008-2016
Strategy documents (global, marketing, and innovation strategies)	6	2012-2016
Global and local organizational culture assessments	1	2014
Global intranet news	Sporadic	2012-2016
Facebook@work (Interest groups on SD, Innovation)		2016
Informal conversations with key stakeholders across operations	*>200*	2012-2016

1st Order Codes	2nd Order Themes	Aggregate dimensions

- Organizational focus on costs, profits, and efficiency
- Personal focus on achievements and visibility
- "Project pipeline" prioritization and the "sacredness" of deadlines

→ Performance orientation

- Functional organization, no cross-functional work
- Service development without customers
- Reactive problem-solving
- Formal stage-gate processes
- Rigid control systems

→ Myopic practices

→ Macro-micro inconsistencies

- Increasing pace of technology advancement
- Increasing competition
- Increasing familiarity with alternative institutional logics

→ Dominant logic erosion

- Surprising results of SD studies
- Understanding of the inadequacy of customer experience
- Demonstration of the evidence for myopic practices

→ Problem recognition

→ Triggers of change

- Adoption of the customer-oriented strategy
- Definition of SD as a key organizational capability
- Approval of the training of managers in SD
- Introduction of the formal requirements on customer journey mapping

→ Top-managers' reaction

- Diffusion of the SD terms
- Wider recognition of the lacking focus on end users
- Substitution of the existing terms with the SD counterparts

→ Organizational vocabulary change

- Dominance of daily tasks and existing projects over newly learned techniques
- Customer journey mapping without customers
- Skepticism towards "playful" SD tools

→ Action inertia

→ Discrepancy between new symbols and old practices

- Use of visualization tools to communicate ideas to relevant stakeholders
- Use of the customer perspective to push ideas through
- "Symbolic" inclusion of service designers in innovation projects

→ Instrumental use of new symbols

- Understanding of the usefulness of SD tools
- Surprises resulting from the demonstration of the customer problems
- Understanding of the actual meaning of using the customer perspective
- Understanding of the value of cross-functional collaboration enabled by the shared language

→ Understanding the power of new symbols

→ Emergence of a new logic

- More active word-of-mouth
- Introduction of formal functions related to service design
- Suggestions on turning NPS into KPI for each department, even those that do not work directly with customers
- Inclusion of customer satisfaction as evaluation criterion for new projects
- More active interaction with customers

→ Convergence of new symbols and new practices into institutions

Figure 1. Data structure

Table 2. Representative quotes supporting the data structure

Theme	Representative quotes
	Macro-micro inconsistencies
Performance orientation	"Our organization is used to think from the profit perspective as a simple truth." "Deadline is sacred. It sits in the minds, and the mindset is connected to money. We should show that a new business case can save money or bring new profits." "When you develop new projects, there are many people sitting and controlling whether you have done that and that. Checking 'done', 'done', 'done' at every single gate… These are important milestones in the project delivery, and we have to think like that all the time."
Myopic practices	"Often we use ourselves as customers when we try to develop our services." "We talk inside the company, but rarely to customers outside. When you are sitting on a specific touchpoint, you know just this touchpoint." "The product development was more a reactive mechanism. Once the products had gone to market, we used to test them and see if there were any problems with it." "If some customers complain about the quality of the network, they can actually get a lower speed. You do not go and spend several thousands on one customer. Taking down the speed is the easiest and cheapest."
	Triggers of change
Problem recognition	"We believe that we know the customer. But when we talk to the customer, we see that it is something else that is relevant!" "It's good to be project-oriented, but it does not mean that you will get a good product." "Even if we get new people, the culture is there (…) It requires a major change if we are going to use service design more actively."
	Discrepancy between symbols and practice
Organizational vocabulary change	"It is formally written that we are going to become loved by the customer, so everyone talks about customer friendliness." "People are talking a lot about customer journeys, and they are talking much more about the customer." "Customer journey becomes a shared language, when I was recently on a meeting and someone had some draft, so suddenly I recognized it."
Action inertia	"We draw some customer journeys, but we do not involve customers in the process." "… when we do not have a shared language, we take what we have earlier. But we do not know how customer journey should be, although we are trying sometimes. In a busy everyday life, we have to focus mostly on what we have to deliver, because, at the end of the day, it is only deadlines that is important. And the projects in a pipeline." "It is a tough ambition to become loved by customers. I feel that so long as it does not affect profitability and it is about making some small things more user-friendly, so it is ok. But if you try to make big projects of this type, you will be stopped. The existing system does not allow it. If something costs more than it tastes, we'd rather not do it".
Instrumental use of new symbols	"We used the tools to show to the management what we wanted. We used different kinds of visualization before and it was still not clear enough. But when we made one with the customers point of view and one with the company's point of view it became very clear to them what should be changed and what should not be changed. " "Service design academy has given us tools to communicate things to stakeholders."

Theme	Representative quotes
	Emergence of a new logic
Understanding the power of new symbols	"It's the fact that when we have talked with the customer, and got evidence from the field studies, then it's not easy [for the management] to argue against it."
	"When managers saw the existing customer journey for the first time, they were shocked that customers had so many problems without them knowing it, so they realized that they make so many offers, so many products, and they are so revenue-centric that sometimes you need to stop and get the customer perspective."
	"After we used the visualization tools and the customer journeys, we realized that we are not competitive enough and do not deliver a wow-experience that make customers choose us."
Convergence of new symbols and practice into new institutions	"Before launching new services, we do the entire emotion mapping and persona building as we learnt at the SDA, and then we present them to our stakeholders."
	"We are now talking with customers directly one-to-one and the customers themselves appreciate it. We probably have a smaller sample size, but we can really dig more into it."
	"We synthesized the insights- now we involve the different stakeholders in the organization and use storyboards to sketch new opportunities together."
	"It is wrong to design experiences internally…We have now a person responsible for drawing customer journeys and working more with customers."
	"It is incredibly important that the entire ecosystem is involved – from programmers to marketers. You get a common understanding of what the customer problem is, and get lots of energy in finding solutions together."
	"If anyone had asked my one year ago about the meaning of doing prototyping with customers, I would have definitely not given priority to it within my area. Today, I support this way of working in almost every case."