



S-D
Logic

Applying Institutional Work to Facilitate and Improve Value Cocreation

Cocreation in Service and Customer Engagement Symposium

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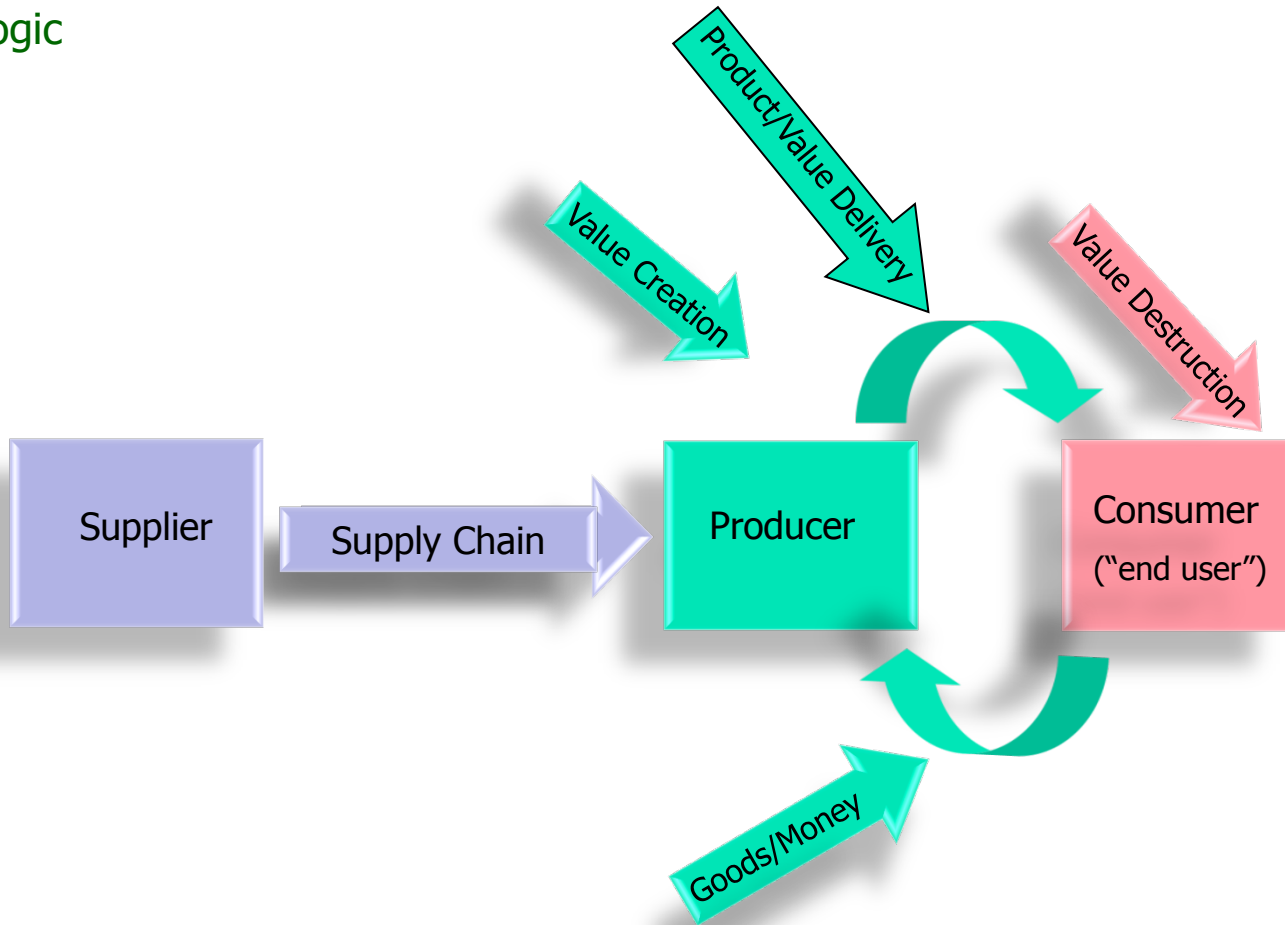
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PhD Student, University of Hawaii

Goods-Dominant Logic Model: Value Production and Consumption



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Rethinking Goods and Service(s)

Wrong Thinking about Goods: **Good are not why we buy goods**

- **Service** (benefits) they provide
- **Intangibles** (brand, self image, social connectedness, meaning)
- **Inputs** into holistic **experiences**

Wrong Thinking about Service: **"Services"** Stated as types of Goods

- Value-enhancing **add-ons** for **goods**, or
- A particular (somewhat inferior) **type of good**: intangible output

Right thinking About **Service**

- Service is a **process**, not a unit of output
 - **Using** one's resources for **another's benefit**
- **Goods** are **delivery mechanisms** for **service**
- **Customers** are not "end users"
 - just **other service providers** (employees, parents, CEOs, etc.)



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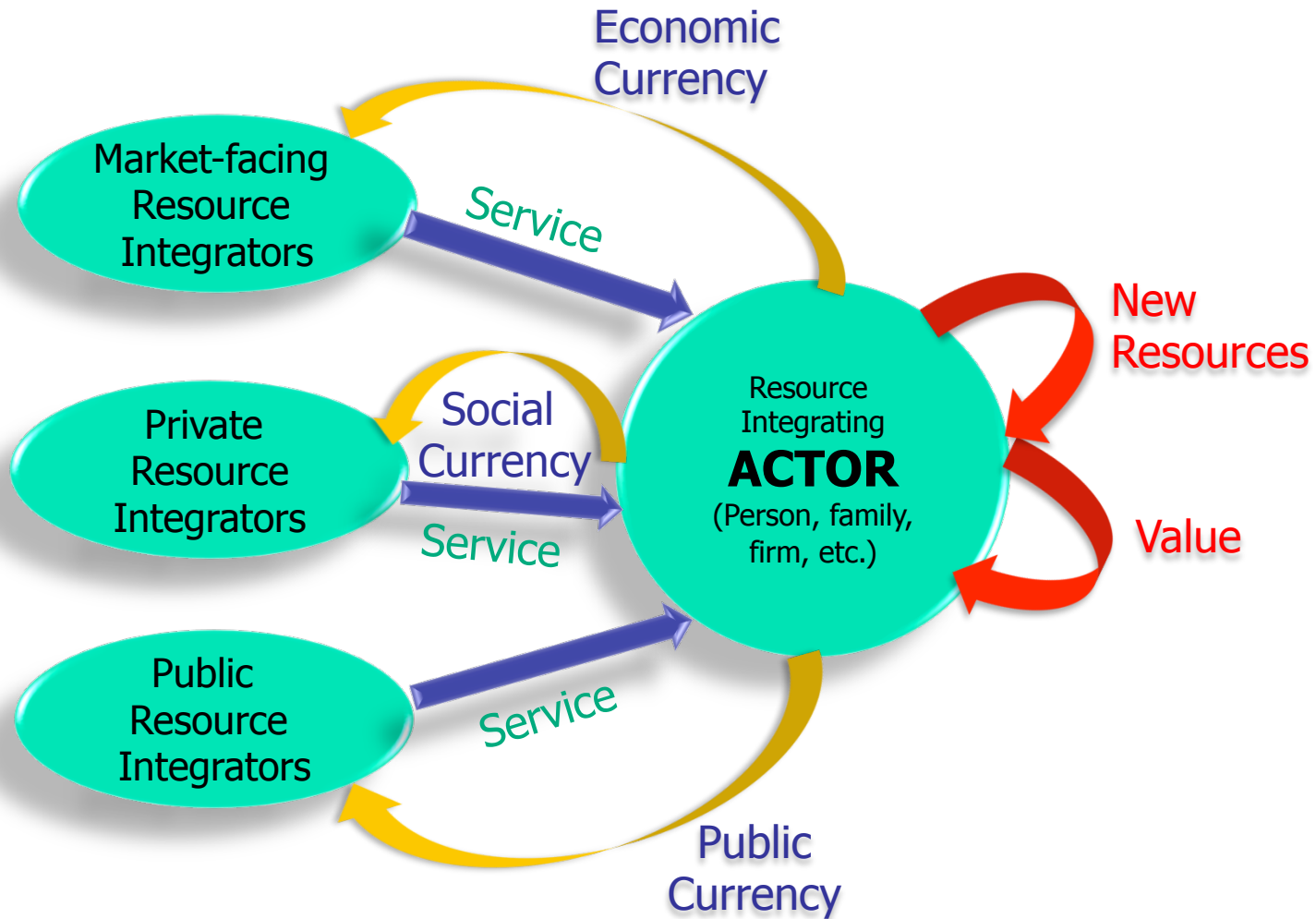
Axioms of Service-Dominant Logic

Premise		Explanation/Justification
A1	Service is the fundamental basis of exchange.	The application of operant resources (knowledge and skills), "service," is the basis for all exchange. Service is exchanged for service.
A2	Value is always cocreated by multiple actors, including the beneficiary	Implies value creation is interactional and combinatorial.
A3	All economic and social actors are resource integrators	Implies the context of value creation is networks of networks (resource-integrators).
A4	Value is always uniquely and phenomenological determined by the beneficiary	Value is idiosyncratic, experiential, contextual, and meaning laden.
A5	Value cocreation is coordinated through actor-generated institutions and institutional arrangements	Institutions provide the glue for value cocreation through service-for-service exchange

Value Co-creation through Resource Integration & Service Exchange



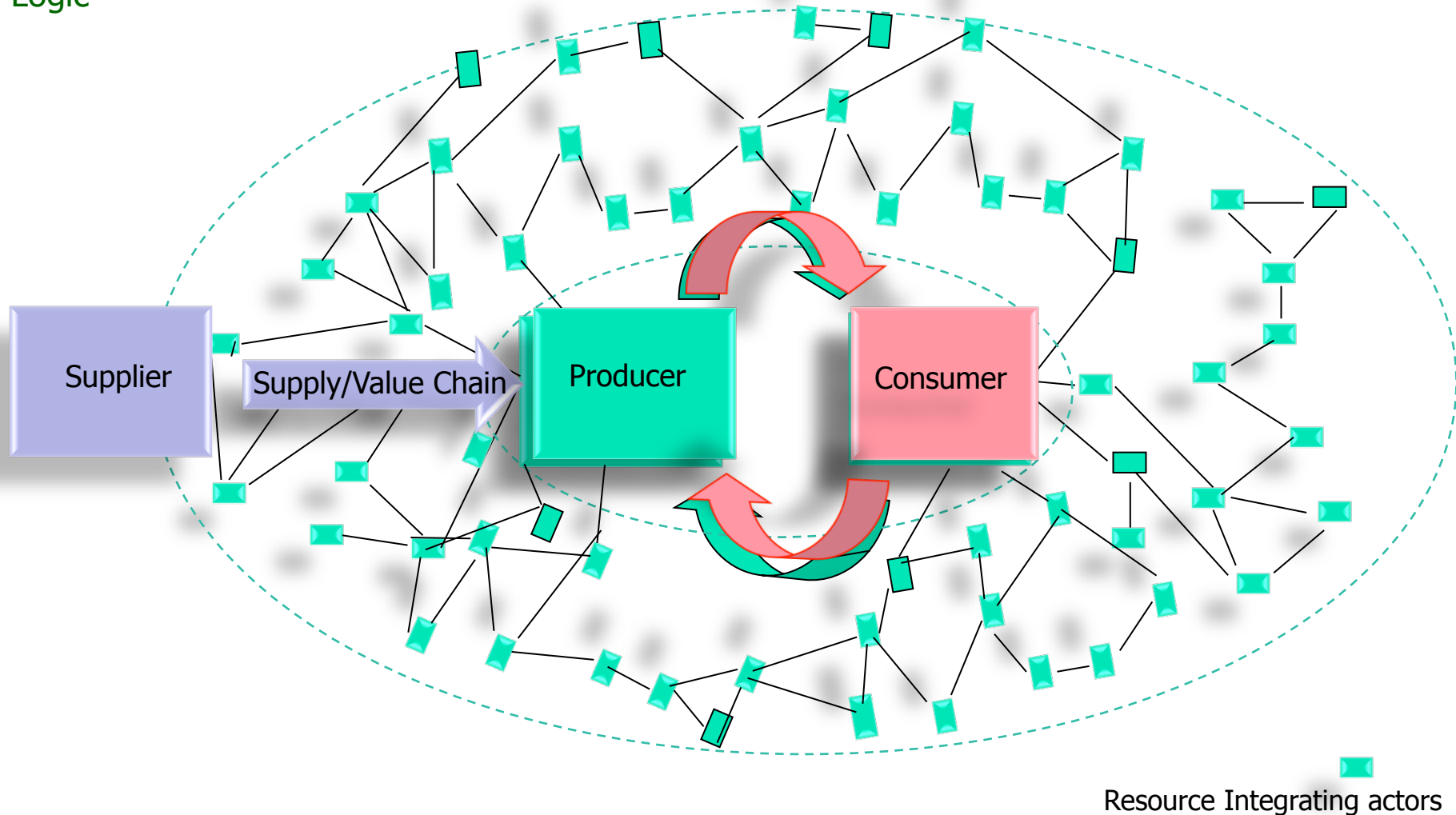
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Micro Exchange Embedded in Complex (Eco)Systems of Exchange



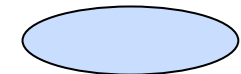
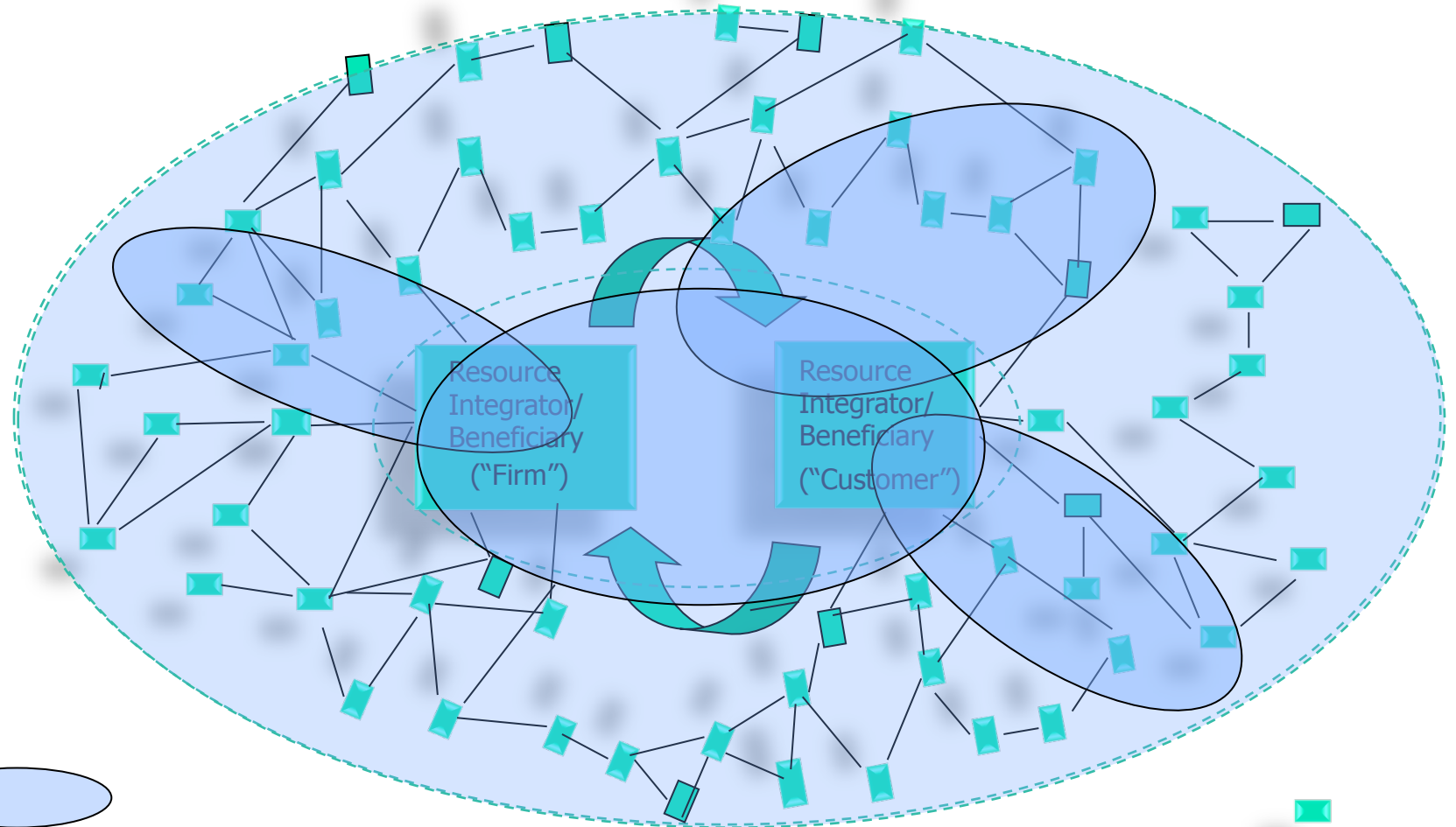
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Resource Integration & Service-for-service Exchange within Service-ecosystems



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Institutions & Institutional
arrangements/logics

Resource Integrators

The Structure and Venue of Value Creation: Institutions & Service Ecosystems



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Institution

- “any **structure or mechanism** of social order and **cooperation governing the behavior** of a set of individuals within a **given human community**.”

- (Stanford Encyclopedia of Social Institutions)

Service Ecosystem (S-D logic)

- relatively self-contained, **self-adjusting systems of resource-integrating actors** connected by **shared institutional arrangements and mutual value creation through service exchange**.

Resource Integration & and the Structuration of Service Ecosystems



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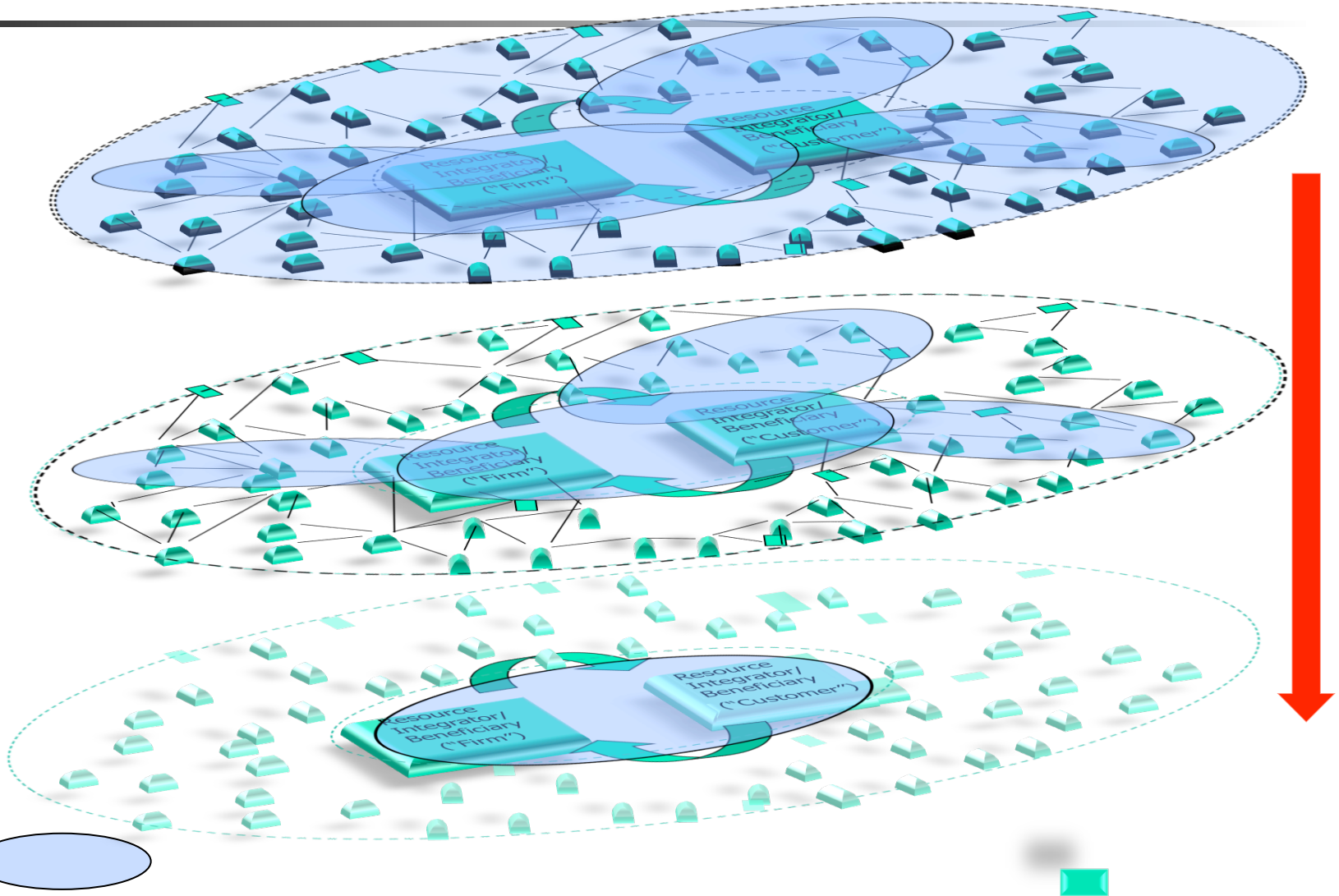
Macro



Meso



Micro



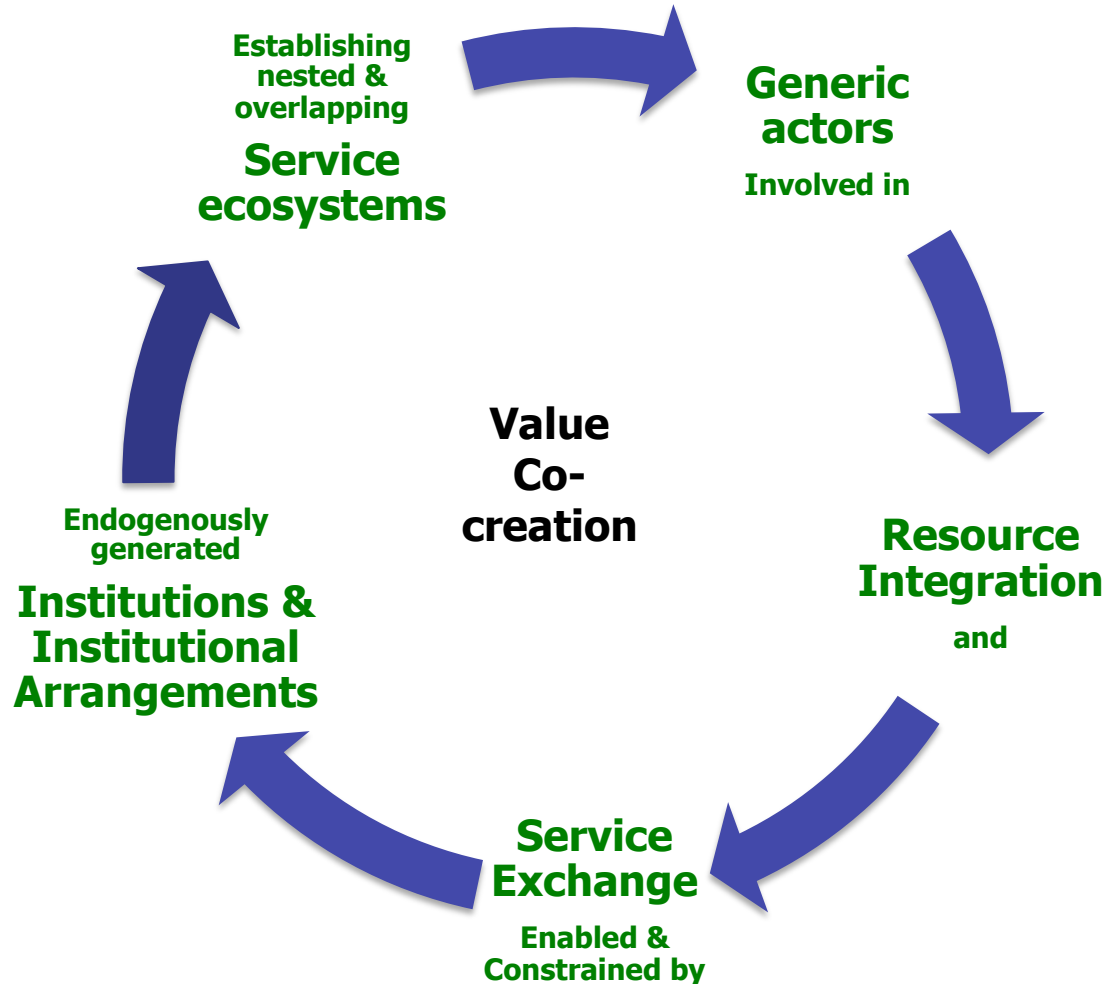
Institutions

Resource Integrators

The Core Narrative & Processes of Service-Dominant Logic



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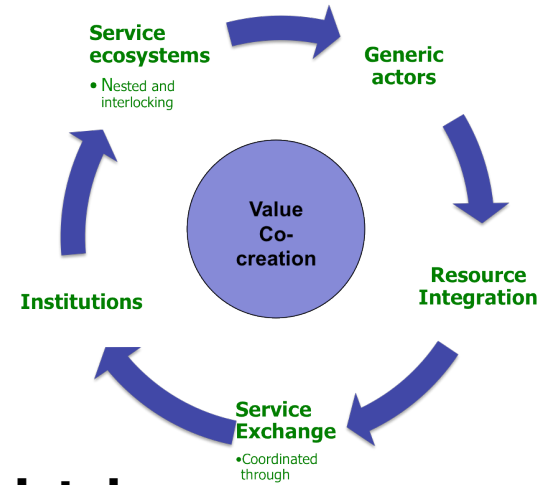


"Hip-Pocket" S-D Logic



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Components
& Structural Perspectives



Societal:
National, Global, etc

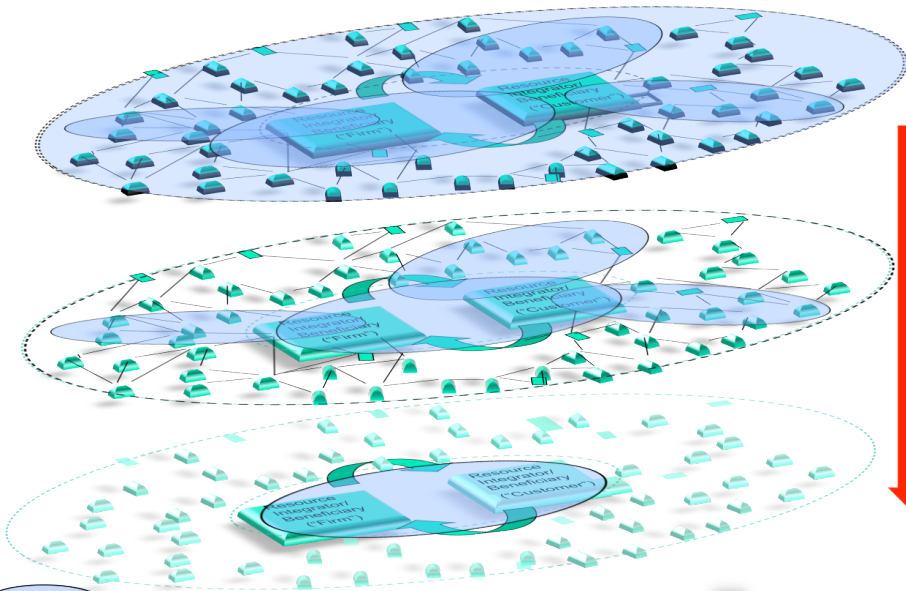
(Sub)culture:
Brand, Market, "industry, etc

Exchange
B2C, B2B, C2C, etc

Macro

Meso

Micro



Institutions

Resource Integrators

Levels	Aggregation			
Theory/ Abstraction		Macro Level (e.g., societal, community -- national, global, local)	Meso Level (e.g., “industry”/ma rket, cartel)	Micro Level (e.g., transaction s, sharing,)
	Meta-theoretical (e.g., S-D logic, cocreation of value)	<i>Primary Focus to Date</i>		
	Midrange theoretical (e.g., engagement, coproduction)	<i>Increasing Attention, Looking Forward</i>		

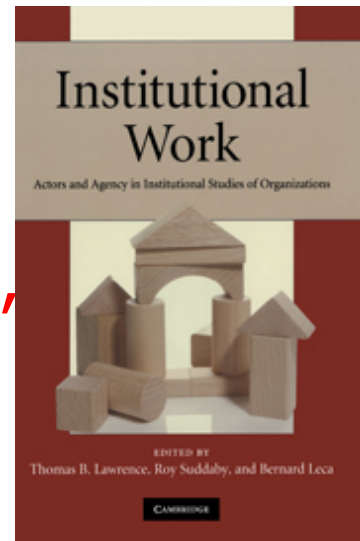
Innovation: The S-D Logic Perspective



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Continual **creation of new markets** by:

- **Leveraging** existing service ecosystems
- Dynamically **reconfiguring** service ecosystems
- **Creating** new ecosystems
- In short: doing “**institutional work**”





Institutional Work

Interplay of Actors, Agency, & Institutions

Development

- **Isomorphism** – institutional dominance
- **Agency** – Individual intention
 - Especially specialized: “**intuitional entrepreneurs**”
- **Structuration**: Duality of agency and structure

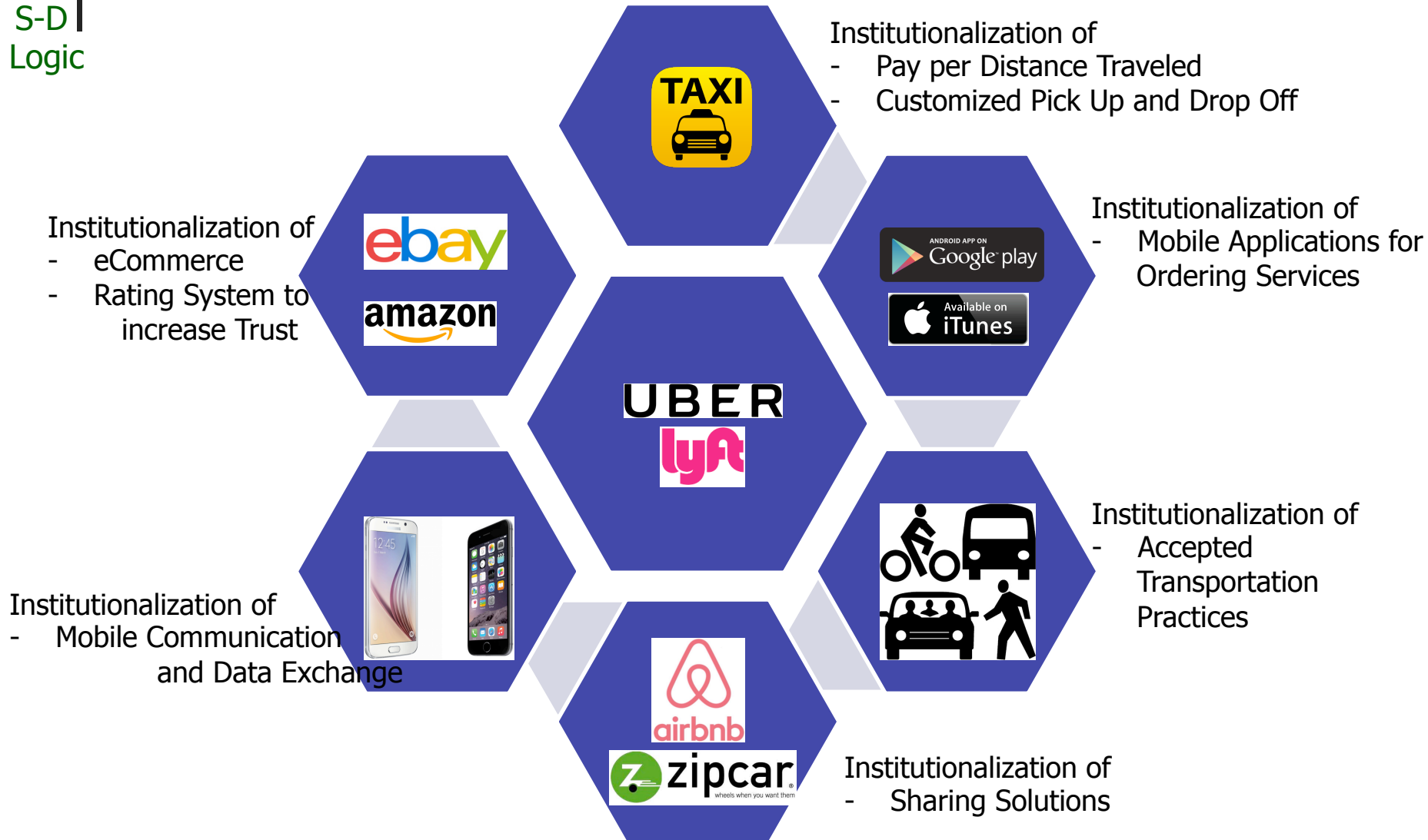
Institutional work = intentional form of structuration

- **Maintenance** of institutions
- **Disruption** of institutions
- **Creation** of institutions



Complimentary Institutionalizations and Upstream Adoptions Processes for UBER and Lyft

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Select Institutional Work by Uber/Lyft: Maintenance, Disruption and Change

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Institutions

maintained:

- Pay for Distance Traveled
- Customized Pick Up and Drop Off
- Use of traditional Cars
- Etc.



Institutions

disrupted :

- Professional Drivers
- Cash Payments
- Flagging Down
- Regulated Industry
- Etc.

Institutions

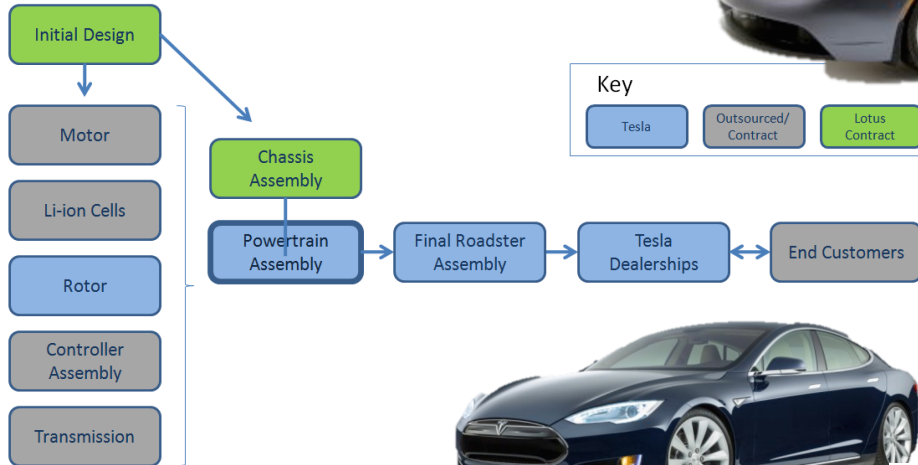
changed :

- Rating System of Driver and Passenger
- Payment in Cloud
- Etc.

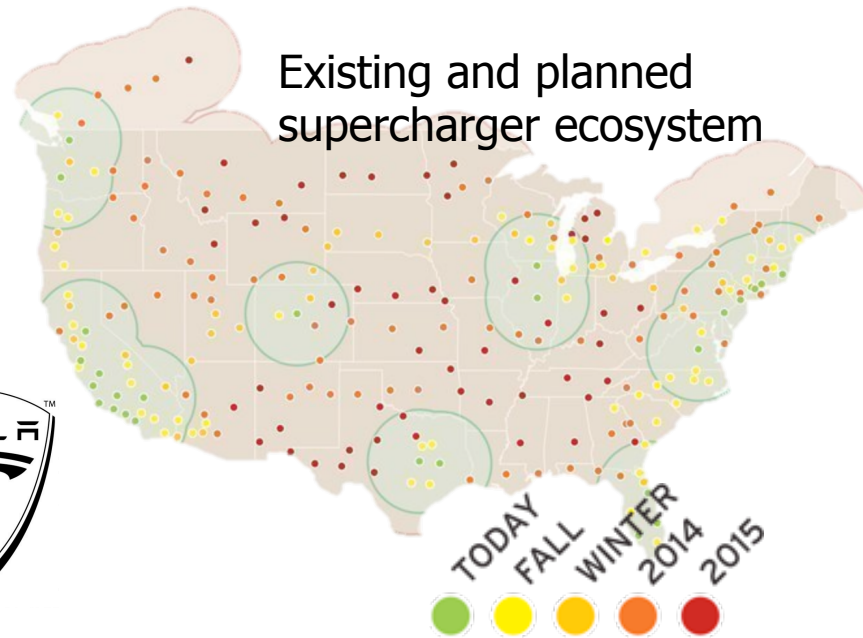
Tesla Institutional/Ecosystem Innovations



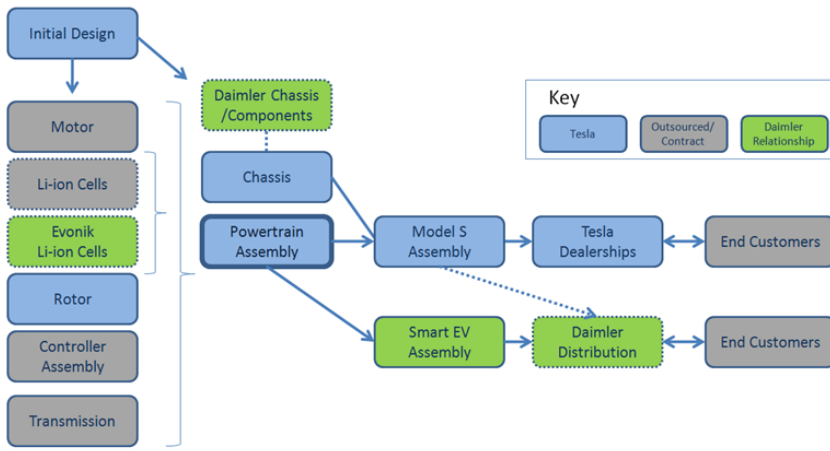
Roadster Ecosystem



Existing and planned supercharger ecosystem

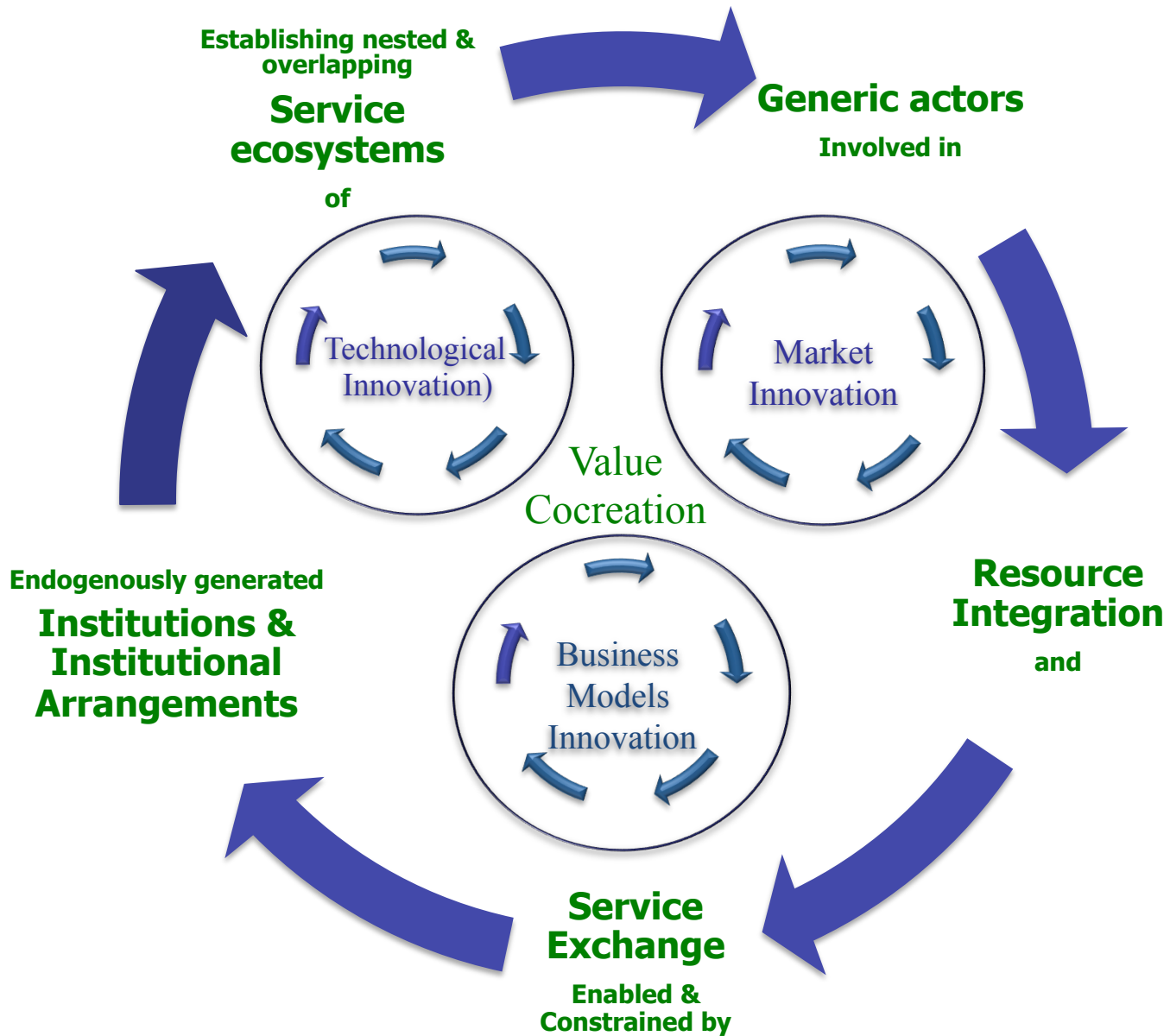


Model S/Powertrain Ecosystem



Other institutional Design Elements


- Laws (e.g., non-dealer sales)
- Habits (e.g., "fueling": more often, while parking)
- Regulations (e.g., preferred parking spots)
- Business model: Open patents to cocreation





Institutional Work and Engagement

Institutional work = agency
related to institutionalization



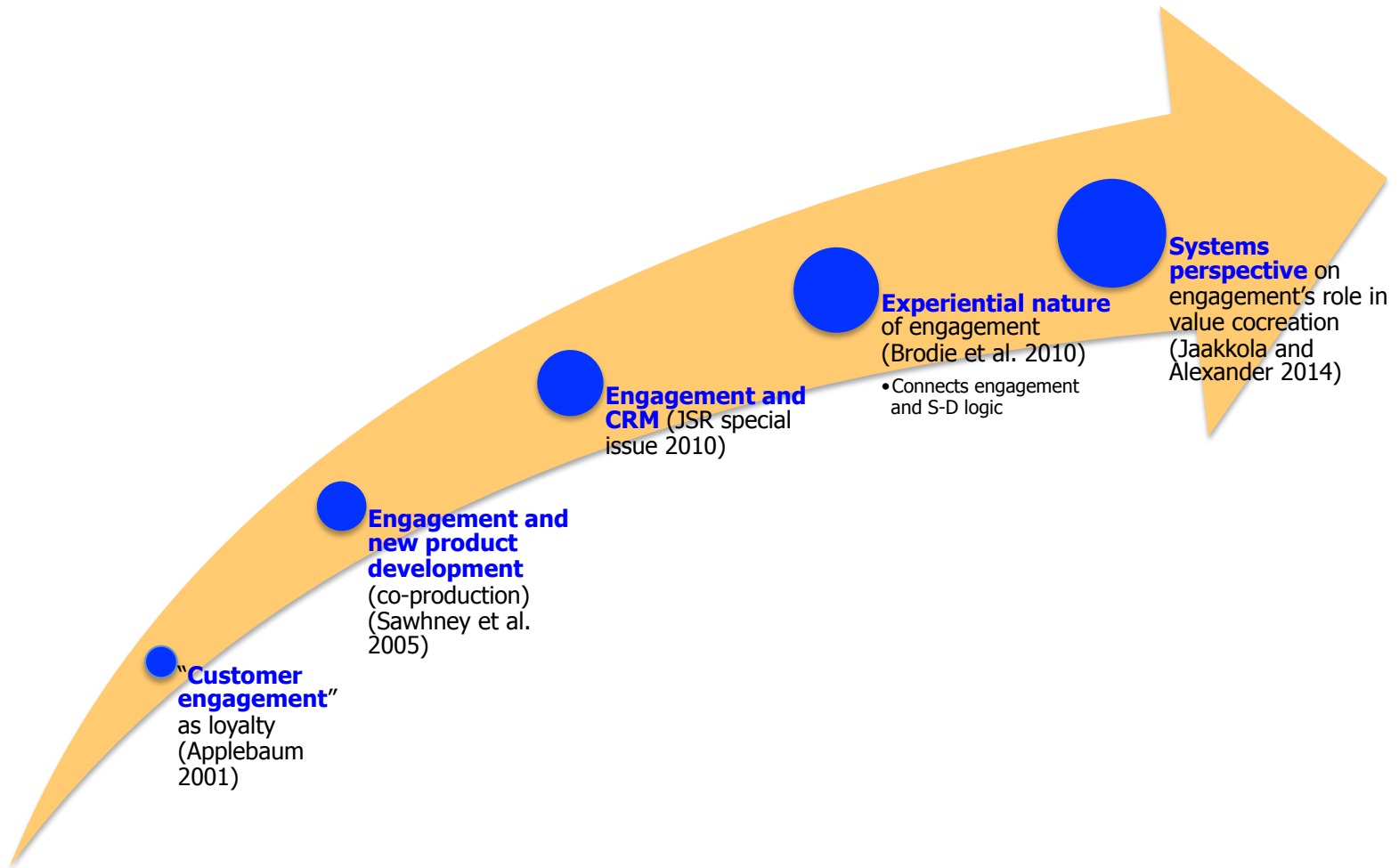
Agency = “a temporarily
embedded process of **social
engagement**, informed by
past, but oriented toward
present, and future”

(Battilana & D’Aunno 2009)

From Customer Engagement to Actor Engagement and S-D Logic

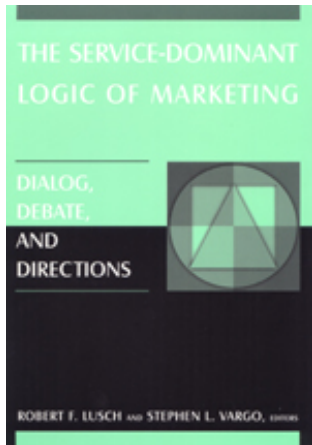


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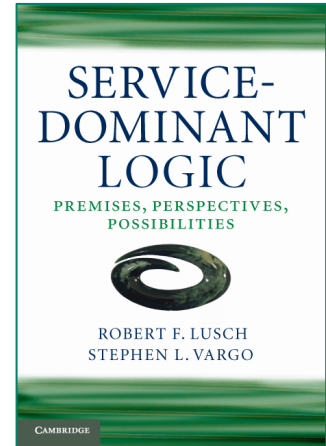
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Thank You!

For More Information on S-D Logic visit:

sdlogic.net



We encourage your comments and input. Will also post:

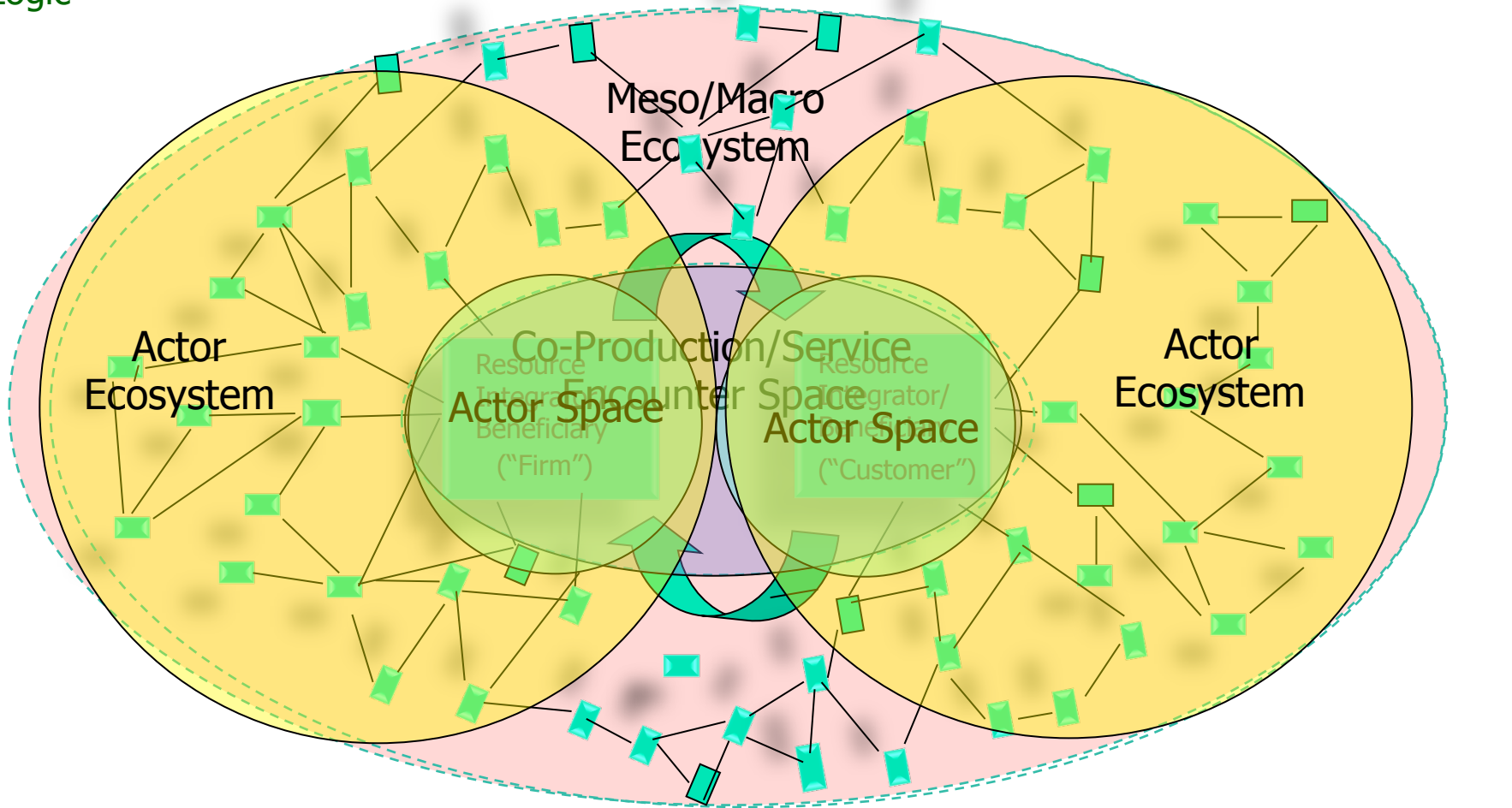
- Working papers
- Teaching material
- Related Links

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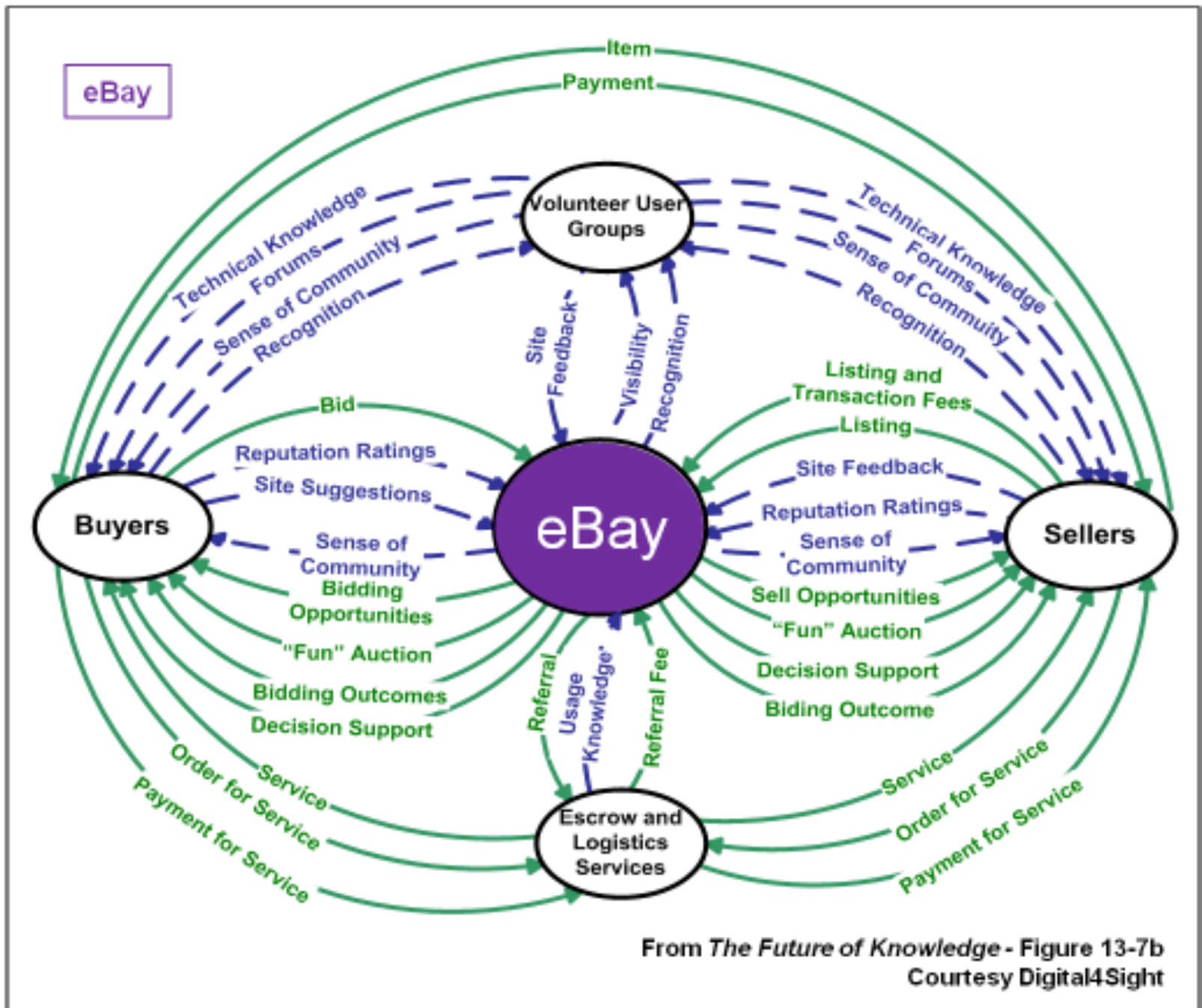
Some Venues for Innovation



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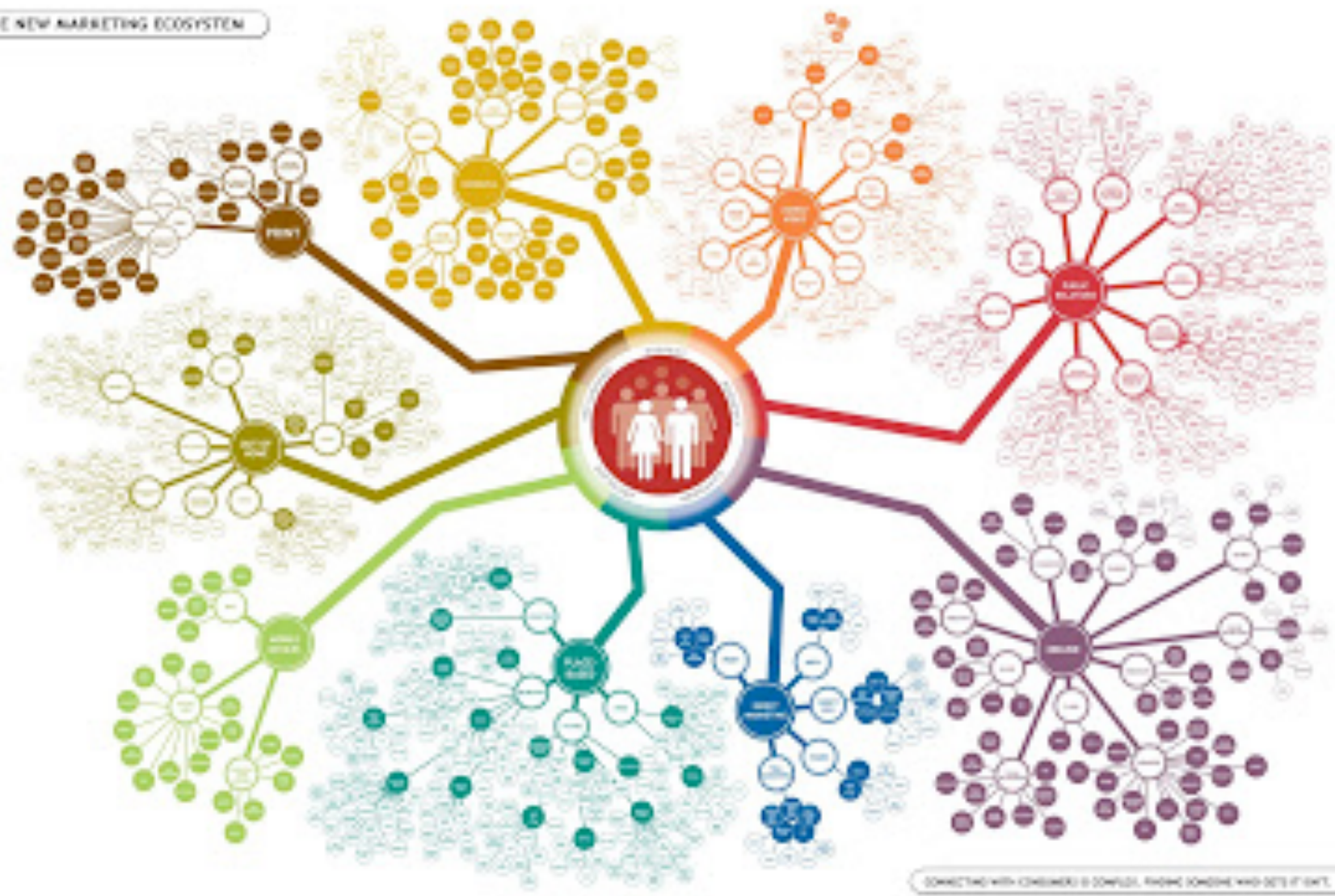
Resource Integrators



From *The Future of Knowledge* - Figure 13-7b
 Courtesy Digital4Sight

Actor-Centric (Marketing) Ecosystem

THE NEW MARKETING ECOSYSTEM



Forms of Intentionality

Battilana & D'Aunno Emirbayer 2009 & Miche 1998; Lawrence, Suddaby, & Leca 2009)



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- Iteration (past oriented)
 - Taken for granted schemas
 - Implies habitual activity is intentional
- Practical-Evaluative (past oriented)
 - Contextualization of social experience
- Projective (future oriented)
 - Hypothesization of experience



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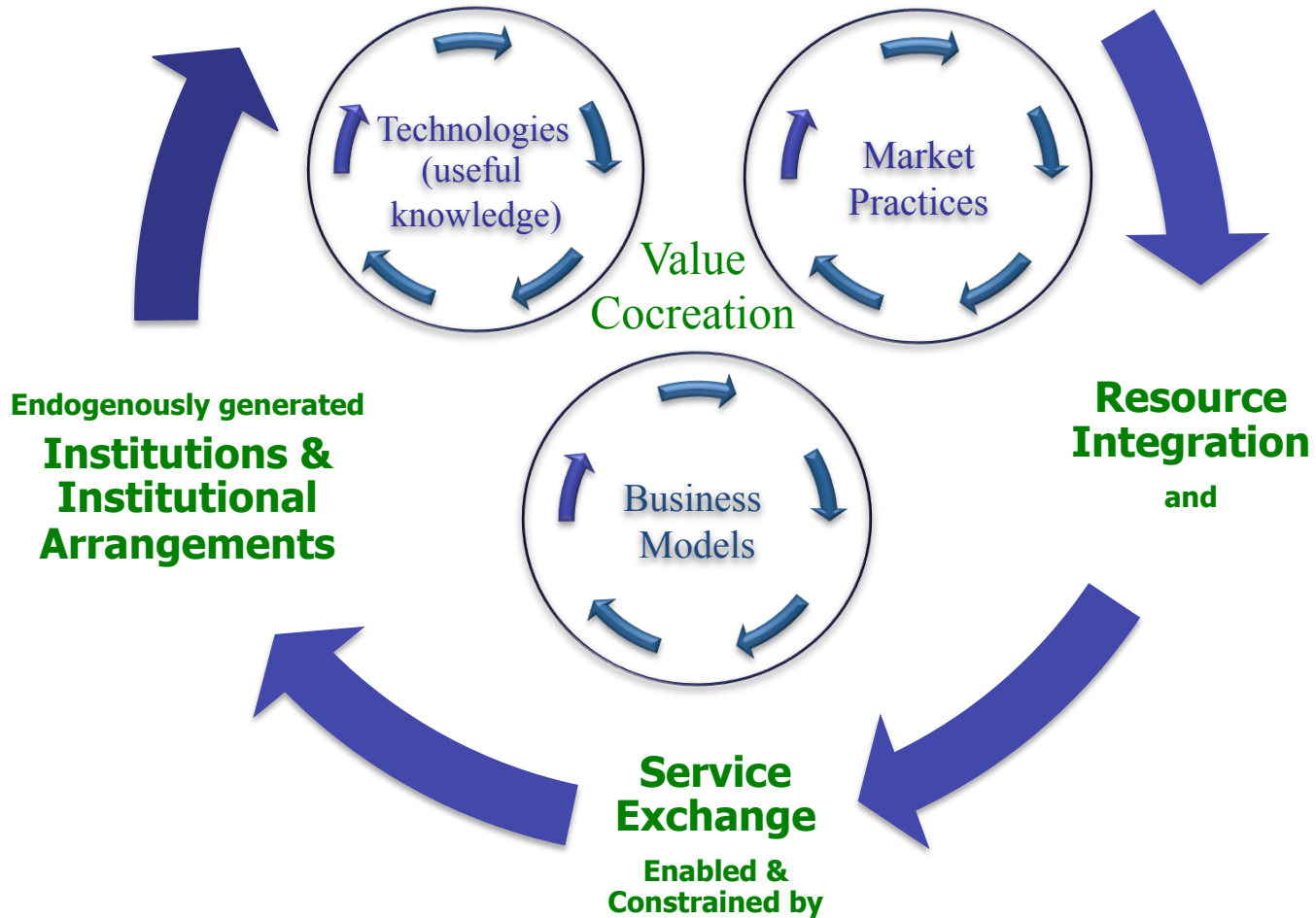
Establishing nested &
overlapping

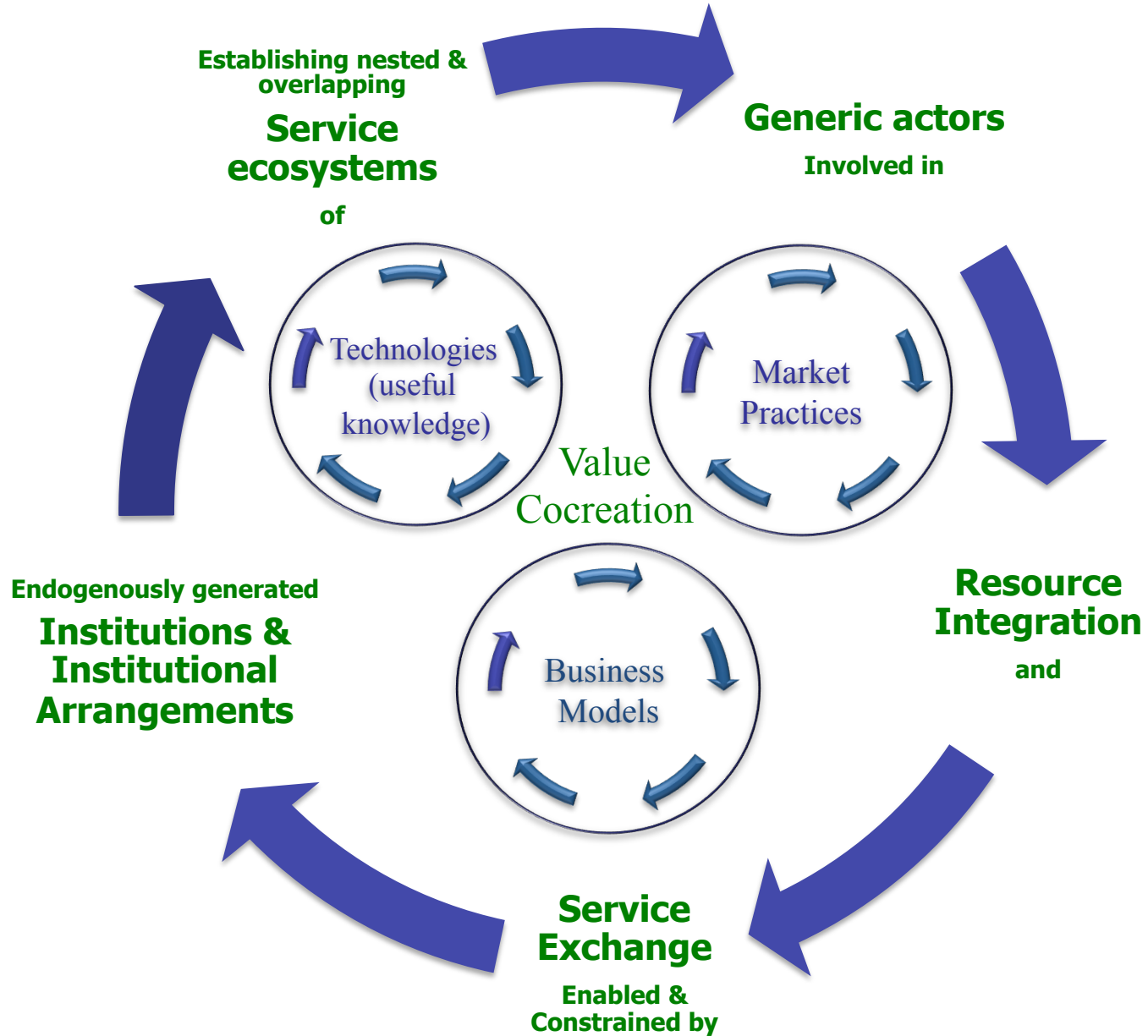
**Service
ecosystems**

of

Generic actors

Involved in





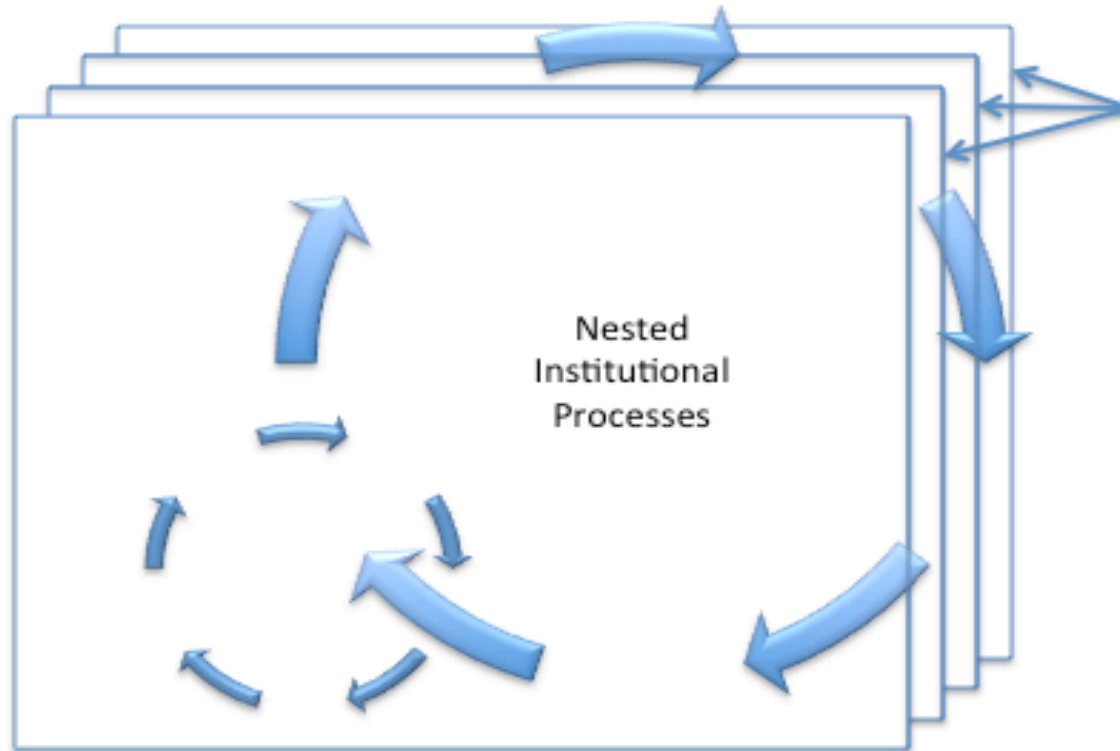
Systemic and Institutional View of Business Models



Degree of Required Change in Resource Integration Practices

High

Low



Low

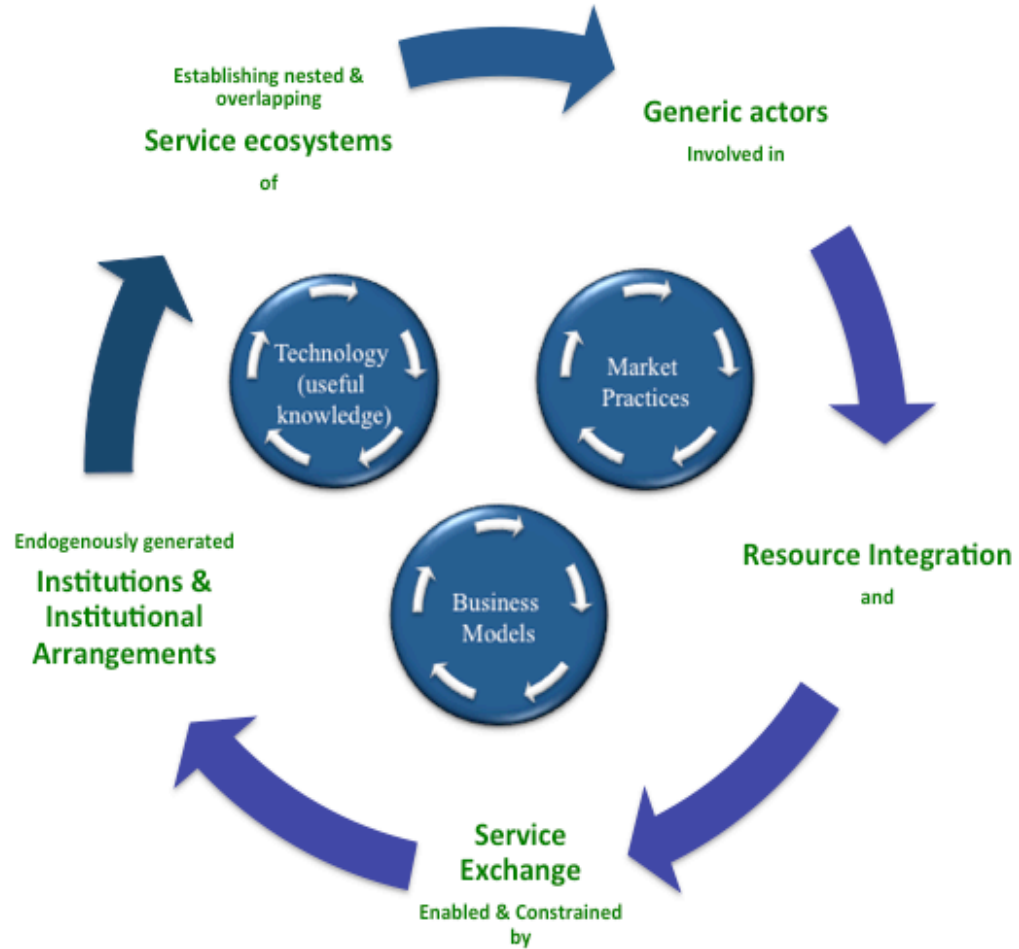
High

Degree of Perceived Usefulness of New Technology

In the context of complementary innovations and downstream adoptions among systemic actors



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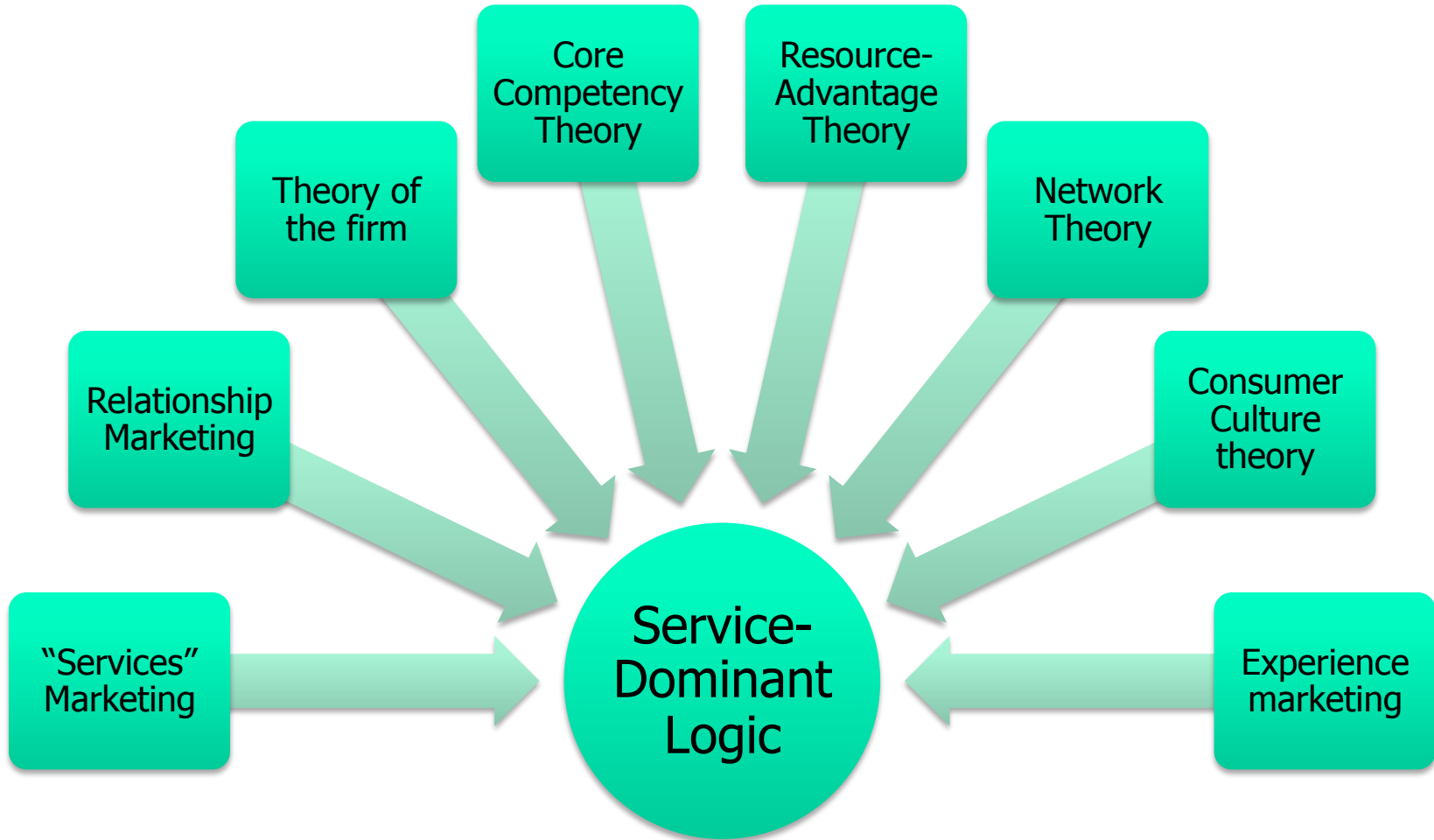
The Importance of the Right Logic

- Without **changing our pattern of thought**, we will not be able to solve the problems we created with our current pattern of thought
 - Albert Einstein
- The greatest **danger** in times of turbulence is not the turbulence: it is to **act with yesterday's logic**.
 - Peter F. Drucker
- The main power base of paradigms may be in the fact that they are **taken for granted** and not explicitly questioned
 - Johan Arndt
- What is **needed** is not an interpretation of the utility created by marketing, but a marketing **interpretation of the whole process creating utility**.
 - Wroe Alderson



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A Partial Pedigree For S-D Logic



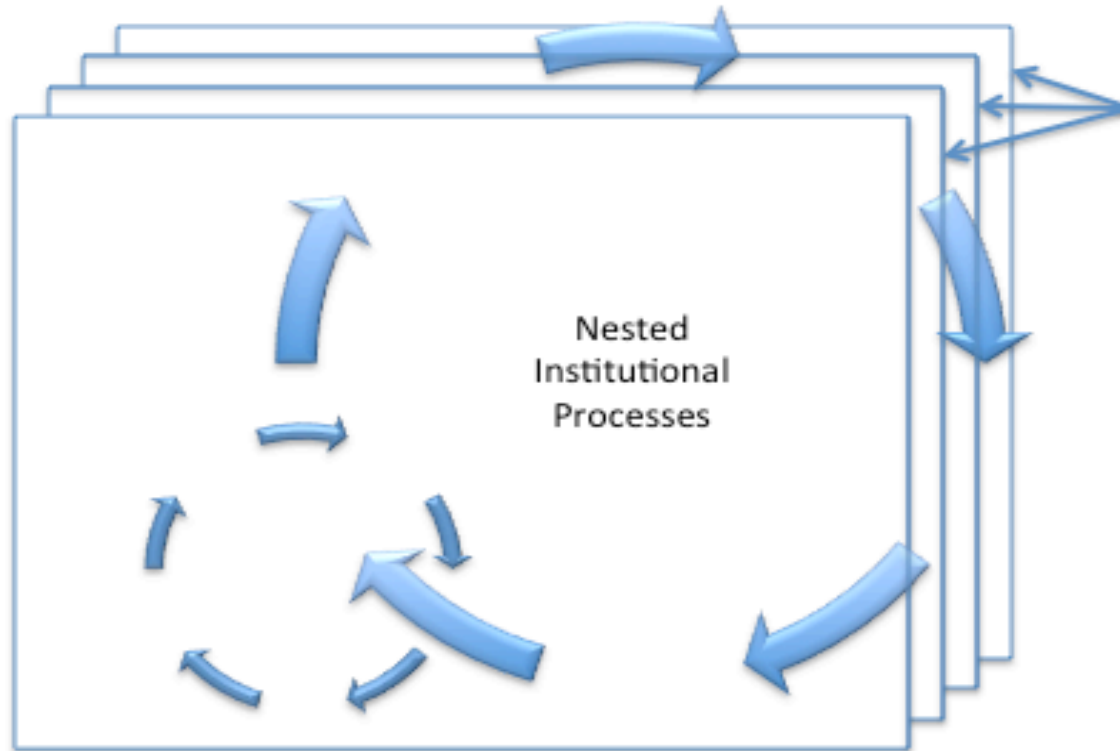
Systemic and Institutional View of Business Models



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Low



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Degree of Perceived Usefulness of New Technology

The Core Narrative & Processes of Service-Dominant Logic



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