

## Key competencies of great B2B Service Leaders

In 2017, we undertook research into how companies successfully manage to develop and recruit great service B2B leaders. We talked to 50 senior managers from industrial businesses and found that without fail, finding and growing senior leaders in service B2B is not an easy journey. Through the research process, we were able to identify that one of the key explanations for this difficulty is that finding the right competencies is very much determined by the context. With the ambition to structure this further, we saw 4 different types of context emerging, all relevant to the selection of successful leaders. This was followed by identifying 25 key competencies required across all aspects of service leadership. Through this process we have gained insight into the challenge of executing a successful and consistent approach to hiring senior service leaders. We have as a consequence built new capabilities to be able to more effectively identify and fit great Service B2B leaders to different company needs. This white paper provides an overview of this research.

To kick off the discussion, we needed to define what a 'Service Leader' looks like, smells like and tastes like, like a fine cheese it is not one dimensional. Through our discussions with service and HR leaders and also based on our own experiences, we have identified 4 areas, significantly influencing the matching of competencies to job roles/positions: (1) Business Evolution; (2) Service Evolution; (3) Organisational Structure; (4) People or the individual.

### (1) Business evolution context

Businesses are constantly evolving and pass through different phases in order to gain or remain competitive. For the sake of simplicity, we can categorise these phases as follows:

- Start-ups – Focus on establishing customer base and product portfolio.
- Profitable and stable business – Focus on market penetration as well as market and product development.
- Business Transformation – Fundamental change of business models, portfolio diversification and delivery.

When talking about business understanding, it's important to consider all relevant aspects influencing the business such as strategic direction, business priorities, performance objectives, customer value, competition and markets, to mention a few.

Successful leaders need to be able to demonstrate different competencies depending on the business environment. For example, within a start-up, business sales competencies are more important than in a transformational environment. What we find is that many companies run into problems when their business context changes due to economic realities, and they find that their leadership cannot adapt fast enough.

It is only by having a deep understanding of the business opportunity, that we can either hire or develop leaders with the capabilities that will deliver the growth we desire in the short and medium term. (figure 1)



Figure 1 – Business capability model

## (2) Service evolution context

The overall business context of the company drives the service evolution, inevitably putting new demands on service leadership. Looking at this evolution, we observed four generic service strategy steps (figure 2), as companies move from product to service orientation. This evolution is depending on the mix and maturity of customer profile(s) and will impact both the breadth and depth of competence requirements. For example, looking at how leaders deal with segmentation, a company focusing on solving product issues will segment their business by products and geographical markets, whereas companies focusing on business outcomes will segment in terms of customer value.

Understanding the service evolution context is probably the most important area to consider when hiring/developing future service leaders.



Figure 2 – Service strategy steps

Taking a practical approach at describing the Service context and the way it can impact your business, each stage offers different challenges.

### Stage 1 – Product lifecycle.

Focusing on Services exclusively supporting the products(hardware). These are aimed at ensuring proper functioning of machines by offering expertise and parts/components to prevent unplanned stops and repair failures with minimum downtime. These actions are typically performed without changing the original specification of the machines.

### Stage 2 – Product performance.

Focusing on Services that add value to or designed into the products. These Services are aimed at retaining product or asset performance at an optimum level throughout its lifecycle by offering solutions, tailored to the operational environment. These actions

could lead to changes of the original specification of the machines e.g. upgrades or local adaptations.

### Stage 3 – Process support.

Focusing on Services stand-alone from the products. These Services assist customers improving their own processes and ways of working by offering consultative know-how but also all-inclusive solutions such as VMI (Vendor Managed Inventory) or operational quality systems. These Services typically complement a portfolio of Services and renders higher value to customer but also higher profitability to the supplier.

### Stage 4 – Process outsourcing

Focusing on services aimed at and fully or partially replacing the product. These Services could replace aspects of the existing portfolio for example, instead of just selling individual machines, you would be selling production output. This can be achieved in different ways but encourages attractive and tailor-made solutions, e.g. running parts of the customer’s operation but also looking at customers own production planning and asset utilisation. By performing processes on behalf of customers, it is also possible to offer e.g. guarantees of performance, output or cost of operations.

## (3) Organisational Structure context

The managers we spoke to were generally of the opinion that ‘Strategy drives structure’. The implications are that, whether you ‘think globally, act locally’; ‘think regionally, act regionally’ or ‘think locally, act locally’, the leaders you require for these different scenario’s will have different capability requirements.

Increasingly, service organisations are being managed as a stand-alone business, where companies see it as a strategic driver of growth with its own Profit & Loss responsibility. Led by a single Service leader with subordinate sub-function leaders, business acumen becomes more important than the technical knowledge of service

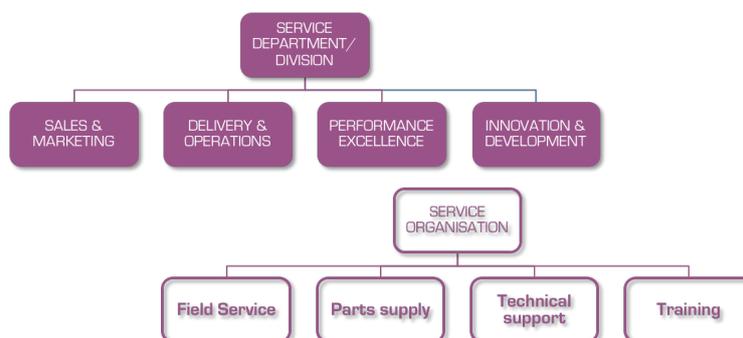


figure 3 – Examples of organisational structures

The more traditional cost focused service organisations are often organised along functional lines with leaders for Field Service, Technical Support and other ‘technical’ teams, where technical expertise is essential. As you gradually transform from a cost centre to a profit centre model there

are many hybrid structures e.g. matrix structure in addition to examples above (figure 3) and will impact the required competencies of service leaders.

#### (4) People / Individual context

As companies search for new talent and adopt new approaches, Service Leaders may come from a different function and/or background. The individual has moved or been promoted into the position, shouldering new accountabilities with a different and/or limited traditional, service knowledge. Alternatively, the current Service leader might only have worked within a specific organisational context such as Field Service or Digital Marketing. As service organisations become more sophisticated and require a leadership team with a diverse mix of competencies it becomes more important to be cognisant of the complementary expertise required as well as how it fits in to company culture and people strategies, process and aspirations (figure 4). In addition, as service becomes a strategic driver of growth, experience and exposure of running a service business, becomes a necessary capability or even a pre-requisite in leadership development.

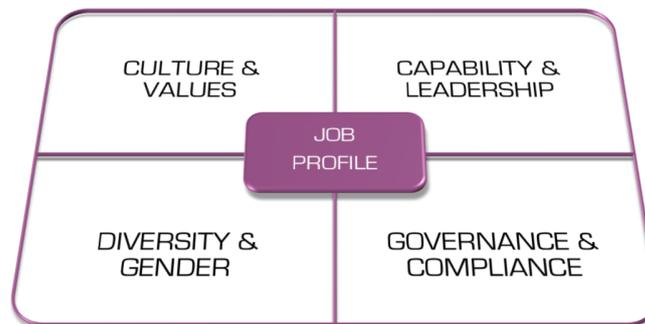


Figure 4 – People, strategies, process and aspirations

#### Linking Context to Competency

In Summary of above, we can conclude that successful service leadership comes from conscious adaptation to the business environment you operate in, the stage and maturity of your service business but also from a genuine understanding of your internal current and aspired structure and what drives people to succeed in your organisation.

So how can we use this insight when recruiting new service leaders into your teams.

#### Job/Position requirements

One of the most powerful factors applied in the selection of competencies is undoubtedly the job/position requirements. However, the evolution of the Service organisation has meant that often there are not many job description templates available, or in many organisations they define the role based on their own perceptions or strategic/structural requirements. From our research, we found that the broad definition of what the Service Leader accountabilities are, varies dramatically between businesses. This variation is a significant inhibitor for those businesses looking to recruit new talent with different perspectives to drive step functions in change. However, sifting through different viewpoints and terminology, it was also possible to distinguish four groupings of accountabilities and deliverables.

- **Service Sales** – Through promotion of the service product portfolio, capturing Customer leads and execute ‘Quote-to-Cash-process’. The Service Sales bucket consists classically of the following sub-accountabilities: Customer Management; Sales Management; Product Management; Business Development
- **Service Delivery** - Ensuring successful delivery of sales contracts, consisting typically of the following sub-accountabilities: 1<sup>st</sup> Line Customer Support; Field Service Management; Supply Chain Management; Project Management; Technical & Engineering Support
- **Service Excellence** - Providing management information to drive behaviour leading to achievement of budget as well as a continuous improvement mind-set. This could comprise the following sub-accountabilities: Business & Financial Management; Business Analytics; Performance Management; Communication
- **Service Innovation** - Drive the ‘Idea-To-Product’ process, supporting both the outside-in or customer driven approach and the inside-out or technology driven approach; which entails some or all of the following sub-accountabilities: Idea Generation; Service Lifecycle Design; Development & Deployment; IT & Digital Technology Architecture

If we accept this definition and the sum of accountabilities of the Service Function, then broadly we can summarise that the key competencies of a Service Leader depending on context and final position should include 5-8 clearly articulated, prioritised competencies. Depending on the urgency and current available capabilities you will need to consider whether to build (grow internal talent), borrow (subcontract) or buy (recruit) the essential competencies.

The mix of these competencies will depend on the context we have discussed. Our research has identified trends in the importance of these competencies, which can be used to develop job descriptions that more accurately reflect the needs of the business, rather than perceptions of what the business need.

This allows us to construct job descriptions which are far more precise, which aid talent acquisition, and which take a fraction of the time to develop than currently experienced.

### **Detailed Competency development**

In our discussions, we found that competencies could be grouped into 4 groups and 26 detailed competencies. It is only through the detailed analysis of context and Job role, we can reduce the 26 detailed competencies to the 5-8 that we focus on to succeed. These selected competencies are not negotiable and really must-haves.

#### **1. Leadership Competencies**

We identified and described 8 leadership competencies to consider:

- **Coaching & Developing Talent** - Provides challenging assignments with clear and constructive feedback to employees; acts as a positive mentor; fosters development in others; brings out the best in individuals regardless of differences in background or experiences; recruits, develops and retains talented staff.
- **Managing Differences/Conflict** - Openly manages conflict and disagreement through collaborative discussion to reach positive conclusions; arrives at constructive solutions while maintaining positive working relationships; seeks win-win situations; diplomatically explores common and opposing options to reach mutually acceptable positive solutions."
- **Negotiating Solutions** - Diplomatically explores common and opposing options to reach mutually acceptable positive solutions; is persuasive and clear in addressing negotiable items.
- **Approachability & Fostering Openness** - Is approachable; actively listens to the issues and concerns of others; manages by "walking around" to collect information and make responsive decisions; provides an environment that allows others to be comfortable talking about sensitive issues.
- **Strategic Thinking & Planning** - Leverages strategy and objectives to drive goals and plans; sets clearly defined strategies and objectives; plans for future problems and opportunities by forecasting business trends and outside forces; considers benefits of several options by using resources and focusing efforts on critical components.
- **Business Acumen** - Fosters successful business results through the effective application of business practices and a knowledge of the competitive marketplace; displays broad understanding of business practices and policy.
- **Leading & Inspiring Others** - Creates and communicates a compelling vision; engages commitment to the organization's vision, values, and direction; builds enthusiasm, participation and positive morale and loyalty; takes charge of groups and situations; sets a strong leadership role by walking the talk; promotes a safe and challenging work environment.
- **Integrity, Ethics & Credibility** - Is loyal to the organization; tells the truth and is widely trusted; presents the unvarnished truth in an appropriate and helpful manner; keeps confidences; admits mistakes; doesn't misrepresent oneself, especially for personal gain; builds credibility and trust.

## 2. Management Competencies

Although there are 14 management competencies, it is important to be ruthless and trim this down to the most important ones, so as to be clearly focused:

- **Adaptability & Change Management** - Appropriately changes one's strategy in response to new information; continuously adapts to changes; deals with uncertainty and vagueness; decides and acts without having the picture totally defined; fosters or champions change to enhance work effectiveness.
- **Emotional Resilience** - Bounces back from setbacks; is in touch with own feelings and is able to manage emotions productively; is optimistic and confident about the future and has a positive outlook about the possibilities; maintains composure despite others' anger.

- **Communication & Influencing** - Is understood by and understands others; makes complex material understandable; clearly articulates key points when writing or speaking; effectively persuades and influences others; actively listens and effectively interprets non-verbal communication; accurately assesses personal styles and adjusts own style of communication to optimize personal effectiveness.
- **Interpersonal Skill & Relationship Building** - Builds and maintains effective working relationships with a wide range of individuals; has a wide and effective network of contacts; quickly establishes rapport with others; shows sensitivity to people of diverse backgrounds; values diversity and seeks to understand differences in cultures and personal styles.
- **Teamwork & Teambuilding** - Builds and supports team efforts; encourages a spirit of participation and belonging; enhances group cohesiveness by emphasizing team objectives and reinforcing cooperation.
- **Customer Focus** - Responsively addresses the needs of both internal and external customers/stakeholders; assures that customer service is a top priority; accurately diagnoses customer needs and responds accordingly; establishes customer rapport and effectively partners with customers.
- **Cross Cultural Agility** - Works effectively with people of diverse cultural backgrounds; understands and appreciates the implications of different cultural norms, values and expectations; shows respect for all people including those differing in race, ethnicity, gender, age, religion or disability; adapts quickly and effectively to local cultural norms when in a minority role; effectively communicates organizational values and culture in ways that are understood and accepted by people from various cultural backgrounds.
- **Problem Analysis & Critical Thinking** - Effectively gathers, researches, analyses and/or assimilates information; uses logic and critical thinking to address issues and problems; generates and selects effective solutions and checks their results.
- **Decision Making** - Makes quality decisions based on a mixture of analysis, wisdom, judgment, and due diligence.
- **Innovation** - Identifies new and fresh approaches to problems and issues; has a vivid imagination and creates new concepts that are not obvious to others; and is willing to try new or novel approaches.
- **Technical/Professional Expertise** - Demonstrates expertise in own technical field; serves as a technical resource for others. Keep yourself up-to-date technically by reading books and magazines in your field of expertise on a regular basis. If you are unfamiliar with resources, search the Internet or ask someone in your area or organization to recommend sources of information.
- **Planning and Organizing** - Demonstrates expertise in own technical field; serves as a technical resource for others. Keep yourself up-to-date technically by reading books and magazines in your field of expertise on a regular basis. If you are unfamiliar with resources, search the Internet or ask someone in your area or organization to recommend sources of information.
- **Delegation & Performance Management** - Delegates responsibility and communicates clear expectations; defines and measures key performance characteristics; monitors performance and the achievement of milestones; provides ongoing performance feedback to assure effective performance.

- **Competency Project/Program Management** - Plans, organizes, manages, and monitors projects and programs effectively; allocates and tracks assignments to assure effective results; assures that matrixed projects and programs are effectively addressed; identifies opportunities for synergy and integration; attains higher productivity yields with fewer resources and simpler processes.

### 3. Personal Competencies

To complement above selection and to ensure effective execution of the service agenda it is important to consider the following personal competencies.

- **Initiative & Risk Taking** - Sees things that need to be done and undertakes them on own initiative; volunteers and accepts challenging assignments; is entrepreneurial and identifies opportunities and aggressively pursues them; creates and takes calculated risks to improve performance, increase revenue, or control costs.
- **Learning Agility & Self Development** - Invests effort to continuously learn about things that may have relevance to the job; demonstrates the ability and energy to grow, learn and develop; learns quickly; works to gain understanding and knowledge to improve work outcomes; adopts new technologies to improve work skills.
- **Drive for Results** - Drives for successful results; makes things happen; conveys a sense of urgency and bias for action; moves tasks and assignments toward closure; sets aggressive goals and is internally driven; strives to identify and implement better and more cost-effective solutions; is willing to invest considerable effort to assure deadlines are met in a high-quality manner.

### 4. Data & Analytics/Technology Competencies

The evolving nature of technology and its use in Services, demands a section on its own. Let's look at the following very useful overview of how the current landscape appears and within each of these areas there are of course more detailed specific applications.

#### **Digitisation and integration of vertical and horizontal value chains, which includes:**

- Cloud computing
- Mobile devices
- IoT platforms

#### **Digital Business Models and Customer Access, which includes:**

- Location detection technologies
- Advanced human machine interfaces
- Authentication and fraud detection
- 3D printing

#### **Digitisation of product and service offerings, which includes:**

- Smart sensors
- Big data analytics and advanced algorithms
- Multilevel customer interaction and customer profiling
- Augmented reality/wearables

## In summary

Beauty is in the eyes of the beholder, i.e. 'great' is defined by a number of contextual factors, therefore, the consideration of the competencies required and the weighting of each is going to be critical to articulate the right job profile for a given context. Whether you are building the capabilities of an existing employee or hiring externally, our recommendation is to 'go slow to go quick', meaning take the extra time to consider your context to ensure at the beginning of your search. As portrayed above, great is unmistakably defined by context and in developing your service business, the competencies of a great service leader are best supported by putting the effort into the job description early in the process. Companies' likelihood of finding and developing great service leaders in the B2B world, thus greatly increases.

## About the authors

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