Beyond sporadic actions: How to approach multi-party stakeholder collaboration in service development

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Purpose – The adoption of service dominant logic suggests inter-organizational collaboration and interdependencies also during the development of service. This paper promotes the value of various stakeholders in developing services. This paper discusses how to approach multiparty-collaboration and to achieve actor-to-actor interaction. The purpose of the paper is to identify methods to integrate stakeholders in service development.

Design/Methodology/approach – This is a research-based paper. This paper examines direct multi-party stakeholder collaboration methods. A-two case research method was used to investigate participatory development activities. Action research approach was applied. Also observation was conducted during the workshops to investigate the stakeholder integration.

Findings – The framework of integrating stakeholders is described. We found that despite the limited time, the service was developed through collaborative methods. Through the collaboration, the service was not only understood more extensively but also further developed. The experiences from multi-party stakeholder collaboration in service development were positive. The experimental evidence supports the use of direct interaction and workshop methods

Research limitations/implications – The research was conducted in two case companies. The analysis shown in this paper provides a foundation for further development.

Practical implications – The practitioners will understand the power of direct multiple stakeholder interaction. They also learn new practices to engage their stakeholders into service development.

Originality/value – For academics, the paper provides advancements in integrative engagement approaches in developing service and of its managerial consequences.

Key words: service development, multi-party stakeholders, collaboration, case study
Paper type: Research paper

1. INTRODUCTION

Feedback from the company's own employees or primary customers or users is often the drivers for service innovation. Often, an unused source for service development is the company's various stakeholders, such as suppliers, sub-contractors or other stakeholder groups like financial institutions, consultants, officials, and other professional groups. Stakeholder theory as suggested by Freeman (1984) sees both internal and external stakeholders such governments, competitors, consumer advocates, environmentalists, special inters groups and the media, as integral part of business organizations. Accordingly, stakeholders are internal, external, cooperative and competitive. Later, variety of definitions and classifications has been provided (Laplume et al 2008). Managing stakeholders per se is not the focus of this paper. Stakeholder mobilization and operationalization has received some attention (Laplume et al 2008), yet, there implicit unit of analysis is managing, i.e. controlling over the relationships and interaction. Heugens et al (2002) point out that dyadic relationships and firm's isolation of its most important stakeholders is in the stakeholder theory. This paper focuses on enabling rather than managing.

The adoption of service (dominant) logic suggests inter-organizational collaboration and interdependencies within service systems, also during the development of service (Vargo and Lusch 2004; 2008; Frow and Payne 2011; Gummesson and Grönroos 2012). Dougherty (2004) states that knowledge is situated in collective action. Whereas the open innovation concept welcomes everyone to participate the service innovation process (Chesbrough 2003). Recently, Carlborg et al (2013) in their extensive review of the evolution of service innovation research found these three phases: formation, maturity, and multidimensional phases. It was in the maturity phase ca. 2001-2005 that research included increasingly customers to receive more attention, also seen as active participants in the service process, and problematized, how to involve them into the service innovation process. Interestingly, the other potential stakeholders have not received much of attention. Thus, understanding of the role of the actors involved and their interactions surges. This paper promotes the co-creative value of the various stakeholders in developing services. Literature recognizes collaborative and co-creative processes, yet, seldom discusses the managerial aspects, the course of actions, or how to make it happen.

This paper follows the Nordic Research tradition, which is characterized by inductive approach and case studies aiming towards theory generalizations while having the marketing context as a starting point. (Gummesson and Grönroos 2012). This paper discusses how to approach multi-party collaboration and to achieve actor-to-actor interaction. It examines multiple stakeholder participatory activities in service development in B2B context. Specifically, this paper examines multi-party stakeholder collaboration methods. It introduces and tests methods that enable collaboration. The purpose of the study conducted and here discussed, is to develop framework for multiparty collaboration that is beyond sporadic actions. The developed framework would fit and guide B2B innovation processes for service development, which aims to integrate stakeholders on continuous bases. Therefore, it may also serve as a platform for new business models among stakeholders. This is done in cooperation within the company's diverse stakeholders. The paper demonstrates the cooperation and to reflect on two years of research of a joint

work within the research group. The paper reports an illustrative experimental study in which both the firm's and its stakeholder firms' representatives adopted collaborative methods to innovate the service.

The paper works on the assumption that engaging firm's various stakeholders contributes service development. This is in line with Grönroos and Helle (2012). The research question deals with how to approach multi-party stakeholder collaboration in service development. The aim of the study reported in this paper is to test and develop methods that enable efficient stakeholder participation and collaboration into service development activities of a firm. Multiple stakeholders refer not only to the number of stakeholders involved but also the number of various organizations they represent. Furthermore, in this study the stakeholder direct collaboration is taken place at the same time, i.e. in same workshops. The focus is on novel approach, methods and practices.

This paper is structured as follows. The next chapter provides an overview of stakeholder collaboration literature in the context of service development. The following chapter describes the research methodology used in the study and also introduces the two cases. The fourth chapter presents the results achieved so far in the ongoing study. The paper ends with discussion and concluding remarks.

2. SERVICE DEVELOPMENT AND MULTI-PARTY STAKEHOLDER COLLABORATION

This paper adopts the service marketing and management approach (Zeithaml et al 2009, Grönroos 2009). Especially, in business-to-business context, service logic needs to be adopted (Grönroos 2011) and the foundational premises of service dominant logic (Vargo and Lusch 2004, 2008) inherently understood. Accordingly, value is co-created. The construct of value itself is linked to the business profitability and divided traditionally as value-in-exchange as an output of exchange and value-in-use (Vargo and Lusch 2006; Prahalad and Ramaswamy 2004, Grönroos 2011; Grönroos and Voima, 2012). These constructs reflect the time of the value accumulation in business set-up. This in turn supports the understanding the user's determination of value. As such, the service provider – customer interaction is focused on intertwining with each other's processes for improved service and thus value. Co-creation of value discourse is about the customer involvement and long-term relationships. Its tone is - although it is not explicitly limited out neither – one-to-one activity. This paper focuses on developing service. Thus, the theoretical basis is found in service (dominant) logic.

As with all evolving theories, there are some challenges with terms and constructs. Majority of the service logic concepts are under development. Menor et al (2002) in their extensive literature review found that constructs such as 'service development' and 'service innovation' have been used interchangeably in existing studies. Furthermore, they (Menor et al 2002) argued that despite its obvious importance, the management of new service development had not yet gained the enough attention in service management literature.

There are excellent literature reviews of the service innovation research (see for example Droege et al 2009; Aas and Petersen 2010; Carlborg et al 2013) that reveals the multitude of studies. Yet, these reviews also

show the concentration of the research is certain topics. As an example is the third recent review related on service innovation, namely the firm-level effects of service innovation by Aas and Petersen (2010).

Stakeholder theory has received a lot of attention. Heugens et al (2002) suggests the locus of stakeholder integration to be either dyadic or the network. Accordingly, they define the former as one-on-one relationships between the firms and its stakeholders, and the latter as multilateral contracts between a firm and its stakeholders. Furthermore, they state that modus of stakeholder integration can be either structural of processual. Consequently, the stakeholder integration mechanisms are buffering, meta-problem solving, co-optation and mutual learning. As this paper agrees with the mechanism e.g. integration forms per se, the paper disagrees with the division of forms per the locus dimension. Co-optation and mutual learning may also take place in network of stakeholders. Alike, the assumption taken in this paper is controversial to the buffering form. King (200) highlights the challenges with collective action to be: motivation to participate, constituents may not share a common focus, and thirdly there is no guarantee of success.

As the stakeholder theory literature is seldom related to the service development, the remaining of this chapter focuses on what is found in the literature combining both service development and stakeholder approach. This is in accordance to Lusch and Webster (2011) who suggest recently emerged Service-Dominant grounded logic useful in the networked world. Thus understanding resource-providing stakeholders is primary role for marketing. As such, resource-providing partners can develop value. Similarly Frow and Payne (2011) discuss "managing" stakeholders and "balancing "stakeholders. The paper concurs with the view of Frow and Payne (2011).

The paper supports the approach that a stronger stakeholder direct interaction represents an opportunity to bring in more variety into perspectives and information of a service development process. Service research traditionally emphasizes the customer orientation aspect e.g. the interaction between employees and customers not only in co-producing and co-creation of value but also in service innovation and new service development processes. (Zeithaml et al 2008; Grönroos 2009; Grönroos 2011; Grönroos and Voima 2012)

Aas and Petersen (2010) in characterizing 73 service innovation effects literature references out of total 183 peer-reviewed 'new service development' or 'service innovation' articles found that only 7 studies, i.e. 9.6% were specifically related to business-to-business type of organization. Although they found 'relationship effects' as one of the five service innovation effect categories, from stakeholders it still included primarily customers. This paper aims to expand the approach to include not only multiple stakeholders and simultaneous presence but also vis-à-vis integration suggested by Russo-Spena and Mele (2012).

The customer-driven perspective in innovation research is rich and evolved from connected customer (singular) to collective modes whereas service-driven perspective specifically conceptualizes service innovation process as a joint value creation with customers and other partners adding the network perspective into discussion (Russo-Spena and Mele 2012). Yet, the other partners in this network are seldom described or examined.

Users or customers - their role, capability or involvement as co-producers, co-innovators or new service developers have been widely recognized. To name a few, den Hertog (2000) proposed client-led and supplier-dominant patterns of innovation as first steps to open up the closed view of service innovation that propelled more parties into the discussion. Alam and Perry (2002) explored the customer-orientation in NSD. Alam (2002) stressed the intensity of the involvement of users, modes of involvement. Continuing his studies, Alam (2002) extended the customer interaction to compass "representative(s) of one or more customer firms at various stages of a NSD process". However, Alam (2002) found two main problems with the customer interaction: namely, the identification of the appropriate individuals and the lack of cooperation and commitment of customers. Still, Marasco et al (2011) leveraged the client involvement and their prominent role of co-innovators in service co-producers or new service development process to move forward with the approach of customer driven logic, Gummesson (2008) pointed out that service is not created just by the supplier and the customer. It is created in a network of activities involving a host of stakeholders. Zeithaml et al (2009:259) imply that "some companies are even collaborating with outsiders (e.g. competitors, vendors, alliance partners)…" yet, this is reference only to idea generation part of the NSD. Hence, Carlborg et al (2013) still call for studies to focus on processes in order to gain a better understanding of the interactions with the customer and other stakeholders.

Grönroos and Voima (2012) discuss the value creation spheres. Besides the separate provider and customers spheres, they also define a joint sphere where value creators and co-creators are in direct interaction. They state that it is the customer, who is in charge of value creation in the joint sphere. However, it might not be the customer that triggers to value creation. What if the role of provider and customer is somewhat blurred? What if there are more players involved than just customers? Can the value destruction risk (Grönroos and Voima 2012) be reduced? The individual and collective context of joint sphere is agreed in this paper.

Co-creation research specifically interrelated to innovation processes have resulted in the five co's are co-ideation, co-evaluation, co-design, co-testing, and co-launching during which the actors interact, collaborate, and integrate their resources. (Spena-Russo and Mele 2012)

The collaboration is mostly through one-to-one relationships. Spena-Russo and Mele (2012) found the web technologies supporting heavily the collaboration while firms establish and mediate web sites and web pages for collaboration. The context of their "co-s" research is the web. This locus and modus operandi is limited out from the context of this paper.

Although, the co-creative principle suggests that stakeholders need to be involved to the service design process (Stickdorn and Schneider 2010) little is researched, how this is done. An interesting exception is the study made by Heywood and Smith (2006). Their focus was on the early phase of the community facility management's project. Although they touch also on the design process, they focused on extensive interview method conducted by a design consultant.

The participatory approach in innovation research suggests multidisciplinary teams (Frow and Payne 2011) methods for enhancing collaboration like brainstorming. Bessant and Maher (2009) argue that there is a

need for new approaches to the ways in which users are engaged and participate more actively as the co-creation within the innovation process. Employees' role in service development and implementation has been acknowledged. (Zeithaml et al. 2009, Gebauer and Lowman 2008, De Jong and Vermeulen 2003, Edvarsson et al. 2002).

Focus on one-to-one stakeholder relations also suggests that stakeholder dialogue and stakeholder knowledge integration are the two simultaneous capabilities that are needed in sustainable innovation are common. Yet, it has neglected to capture the simultaneous multiple stakeholder presence. Although the need for open and external sources of insights in service innovation seems almost self-evident, very little research is carried out about the relevance of stakeholder dialogue (Ayuso et al 2006).

This paper suggests that integrating individuals from various firms' .e.g. stakeholders simultaneously into the service innovation can be beneficiary to service business. This simultaneous multi-party stakeholder approach to collaborate is examined. Here, the direct face-to-face collaboration is sought in contrast to web technologies (Russo-Spena and Mele 2012). Further, the examination can be extended from intra-firm or dyadic inter-firm interaction to concurrent multi-firm knowledge and capability sharing. This paper examines multiple stakeholder collaboration i.e. participatory activities in service development in B2B context.

To our knowledge, only few papers reports on service innovation through stakeholder collaboration. Exception is Roloff (2008) who developed a life cycle model of multi-stakeholder networks. The aim of the paper is not to cover the whole life-cycle of the network. Neither the institutionalizing aspect of actions nor the network is in our focus. This paper is built upon experience from a two company contexts that uses a number of innovation methods.

As discussed before, the (new) service development or service innovation literature (see Carlborg et al 2013, Aas and Pedersen 2010; Droege et al 2009) does not seem to centralize the stakeholders. Hence, the stakeholders in question remain unspecified. If any stakeholder group is specially mentioned, it seems to be primarily customers and secondary suppliers only. Furthermore, there is a shortage of studies integrating stakeholders into the development processes. Specifically, the role of multi-party stakeholder collaboration in the development of service requires more attention. This paper addresses this gap in the literature with a focus on building a framework and thus helping in moving beyond sporadic actions. Based on this literature review, there seem to be a room for leveraging the current understanding on the multi-party stakeholder collaboration. This literature review shows that stakeholders are critical to service development or service innovation, but little evidence exists on collaboration other than clients for service development. In order to fill this gap, a study is conducted and framework developed for the integration of stakeholders into service development in business-to-business context. The following chapter describes the research conducted.

3. RESEARCH APPROACH

This paper reports an action research based case study. It is a research-based paper. To investigate, how to approach multi-party stakeholder collaboration in service development, a research project was established. The research project employed a qualitative approach to examine the topic. Furthermore, an action research approach was chosen in a case study research design setting (Yin 1984). Descriptive, explorative, and experimental research is conducted. The research follows the action research tradition. The paper provides empirical evidence from two case companies. The empirical data was collected through multiple methods

Researchers (Carson, Gronhaug and Perry 2001; McKay and Marshall 2001; Gummesson, 2000, Howell 1994; Rapoport 1970) seem to be relatively unified about the central characteristics of a case study approach to be holistic and detailed in understanding. A case study may apply action research approach or vice versa (McKay and Marshall 2001). In action research, the purpose is to develop solutions to identified practical problems and at the same time develop new knowledge. Thus, managing change is in the core of action research. Action research was introduced by Lewin already in 1946, which means that various definitions have been provided since then for action research (Revans 1982, Kemmis and McTaggart 1988, Oja and Smulyan 1989; Zuber-Skerritt 1992). The paper applies the definition by Frost (2002) who defines action research as a cyclical process of systematic reflection, enquiry, and action that is carried out by individuals about their own professional practice. The individual conducting action research is, on the one hand a change agent in practical problem solving sphere, and on the other hand an academic researcher developing a theory (Gummesson 2000). Thus, the researcher has two goals: to solve a practical problem within an organization, and to generate new knowledge and understanding about other organization (McKay and Marshall 2001).

This paper is based on an on-going externally funded research project. The purpose of the project is to explore and develop an approach for integrating stakeholders, i.e. strategic business partners into the service development process. The study compares, develops, and tests tools, practices, and methods which can be used in engaging stakeholders. The project develops a framework that enables effective participatory stakeholder integration and innovative practices.

The research team consists of researchers and four masters' students from two universities; namely Hanken School of Economics in Helsinki (Hanken) and Laurea University of Applied Sciences (Laurea) in Espoo. The Department of Marketing at Hanken School of Economics is specialized in service and relationship marketing. CERS - the Centre for Relationship Marketing and Service Management was founded in 1994 as a unit associated with the Department of Marketing at the Hanken School of Economics. Laurea (UAS) operates in the Helsinki metropolitan area, one of the most competitive regions in the world. The educational and research profile of Laurea is Service Business.

The project also challenges the conventional development activities and applies the co-creation approach. The project assumes that participation creates value (value co-creation approach). Several questions arise:

How to engage B2B -customers to participate. How to motivate them to give the time and competence for this activity. Can we group individuals form different firms into same sessions? The assumption of involving customers and users of the service, i.e. integrating stakeholders into the design process is of great importance.

Multiple stakeholders in developing service in the two cases

The paper presents two cases, in which stakeholders are integrated in the context of service development. It focuses on the balanced centricity approach in the multiple stakeholder collaboration perspective and discusses on the enabling collaboration methods. Examined are methods that facilitate co-creation and thus may influence positively on service innovation.

The following figure depicts the overall flow of the research. Evidence is collected from two cases. With each case company, the operational model was slightly different and by analyzing and comparing various ways of working and the collection of data, preliminary data. The cases are not identical. The idea of event-based way of working was decided at the planning phase of the project. The approach presented here is loosely based on recent literature discussed earlier and including for example the value alignment mechanisms by Frow and Payne (2011) to some extent.
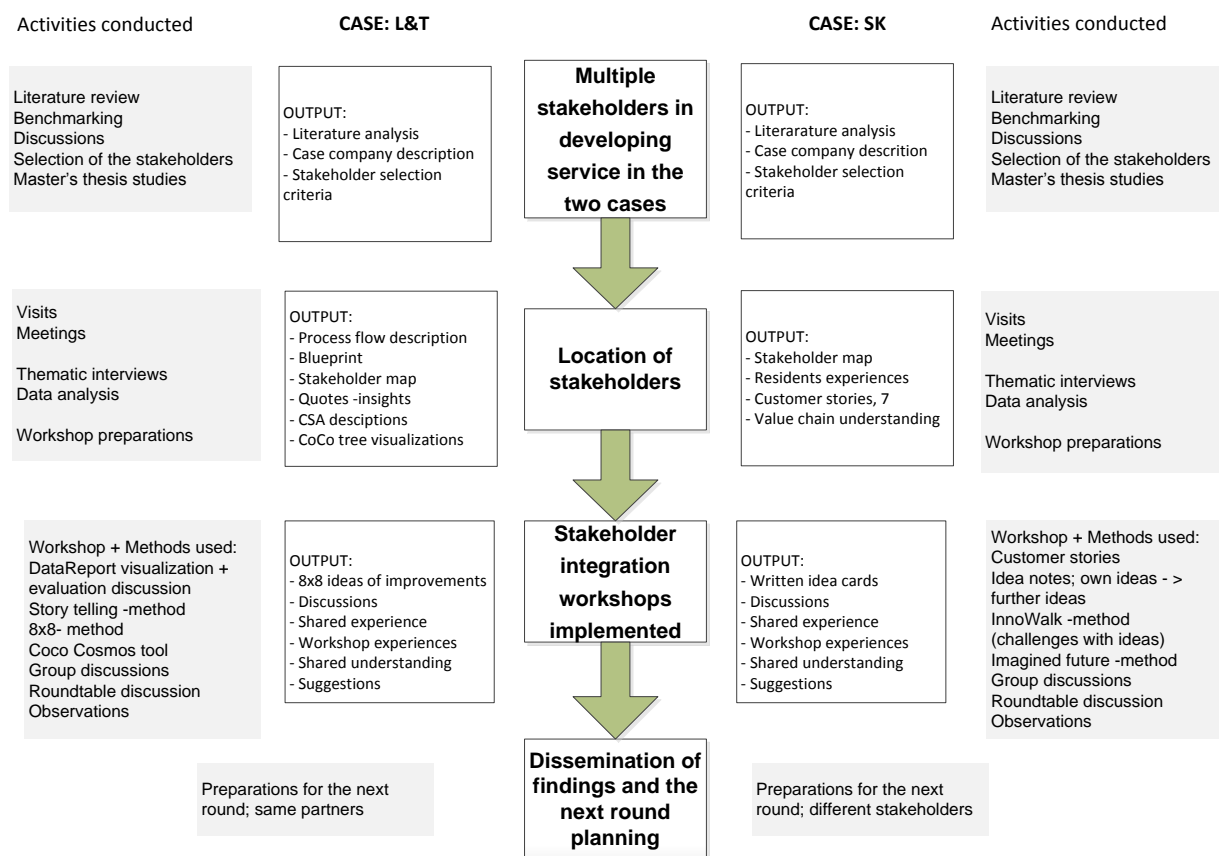
Activities conducted	CASE: L&T		CASE: SK	Activities conducted
Literature review Benchmarking Discussions Selection of the stakeholders Master's thesis studies	OUTPUT: - Literature analysis - Case company description - Stakeholder selection criteria	**Multiple stakeholders in developing service in the two cases**	OUTPUT: - Literarature analysis - Case company descrition - Stakeholder selection criteria	Literature review Benchmarking Discussions Selection of the stakeholders Master's thesis studies
Visits Meetings Thematic interviews Data analysis Workshop preparations	OUTPUT: - Process flow description - Blueprint - Stakeholder map - Quotes -insights - CSA desciptions - CoCo tree visualizations	**Location of stakeholders**	OUTPUT: - Stakeholder map - Residents experiences - Customer stories, 7 - Value chain understanding	Visits Meetings Thematic interviews Data analysis Workshop preparations
Workshop + Methods used: DataReport visualization + evaluation discussion Story telling -method 8x8- method Coco Cosmos tool Group discussions Roundtable discussion Observations	OUTPUT: - 8x8 ideas of improvements - Discussions - Shared experience - Workshop experiences - Shared understanding - Suggestions	**Stakeholder integration workshops implemented**	OUTPUT: - Written idea cards - Discussions - Shared experience - Workshop experiences - Shared understanding - Suggestions	Workshop + Methods used: Customer stories Idea notes; own ideas - > further ideas InnoWalk -method (challenges with ideas) Imagined future -method Group discussions Roundtable discussion Observations
Preparations for the next round; same partners		**Dissemination of findings and the next round planning**	Preparations for the next round; different stakeholders	

Figure 1: the outline of the research

Location of stakeholders

Preparation for the case research was conducted in the similar manner. Both of the cases are run in two-stages; currently the first rounds of activities have been conducted. The research continues until March 2014. In the starting phase of the research, a series of meetings were planned with the research team and between the research team and case company representative. A variety of data collection methods were applied in this stage of the research. It included literature review and secondary data collection for gathering background information. These also included visits to the case companies, meetings with the representatives, interviews with the case representatives, a review workshop with the research team, documentary analyses and observation. A criteria for stakeholder selection was designed and stakeholders invited. Location of stakeholders was the main responsibility of the case company representative.

The case companies and partners of the research are large Finland-based firms Lassila & Tikanoja and Skanska Kodit and some of their stakeholders. The following table describes the case companies.

Case company	Lassila& Tikanoja (L&T)	Skanska Kodit (SK)
Basic details	Service company that cooperates with its customers to transform our consumer society into an efficient recycling society. L&T employs 9,000 persons. Net sales in 2012 amounted to EUR 674,0 million.	Skanska is one of the world's leading construction groups. The combined sales for Skanska's Finnish and Estonian operations in 2011 were over EUR 1 billion and the
Type	Finland-based, multinational company that operates in Northern part of Europe (Finland, Latvia, Sweden) and Russia	Skanska operates globally; Finland and Viro in 2012 oli noin net sales 1 mrd€; employs 2 460 employees.
Operations	Specializes in environmental management, and property and plant support services. It is also a leading supplier of wood-based biofuels, recovered fuels, and recycled raw materials. Other: Maintenance of properties and technical systems, Cleaning and support, Sewer maintenance and renovation; Environmental construction; Process Cleaning; Bajamaja and event services	Skanska's operations in Finland cover construction services, residential and commercial project development and public-private partnerships. In Finland, project development for (apartment) housing in Skanska is done by Skanska Kodit.
Service in case	Waste management and recycling; sorting of waste especially	BoKlok housing concept. BoKlok is a groundbreaking concept to housing in collaboration with IKEA.

Table 1. Focal case company profiles

The selected case companies provide interesting business opportunities. **L&T** represents a waste management industry. Here, the operational time cycle is from days to months rather than years. The time perspective of the L&T and its stakeholder groups is peculiar: From the stakeholder point of view, L&T is the last step of their value chain. Whereas L&T sees itself in the middle of the larger, sustainability value chain. The service business opportunities arise within increasing understanding of this perspective. And in future, their roles may change if L&T begins to purchase waste as a raw material. **SK** operates in the construction industry. The time perspective of the SK and its strategic stakeholders is currently 4-6 years. The city planning processes, land purchases, and the actual construction are included in the time cycle. Yet, the business interests stops when the building e.g. BoKlok houses are ready. If the building is considered as a service, the time perspective is expanded for the use time of the building. As a consequence, another 40 years of service business opportunities arise. This requires time concept elasticity; the activities and processes change over time, so do the services.

The location of the participating stakeholders for the research was done in cooperation with L&T and the research team. The L&T was visited, observed, and series of meetings were established in order to understand the value chain and the challenges the case company is facing. Interviews with several key stakeholders within L&T (salespersons and environmental specialists) were also interviewed in order to get an extensive in-house perspective. The representatives also participated the workshop. The L&T project representative contacted their B2B-partners in various industries and motivated them to participate. Altogether 5 + 1organizations joined the research. Similarly, in Skanska Kodit Oy the location of stakeholders started with a meeting with SK representatives. At the same time, the research team was introduced the housing construction industry, the housing service concept in questions and also other actions the company is currently doing with the stakeholders. Altogether, 6 stakeholder groups were identified. The SK representatives also participated the workshop. The following section provides more detailed information about the cases and participating stakeholder organizations and individuals.

Case company L&T and its strategic business partners chosen to this research project is shortly described next. The focal company is a multinational company operating in Northern part of Europe. It specializes in environmental management, and property and plant support services. It is also a leading supplier of wood-based biofuels, recovered fuels, and recycled raw materials. L&T provides high-quality services from waste sorting to collection and recycling. As such, their objective is to utilize waste and by-products efficiently. The following table presents the case profile in more detail. The selection of participatory methods was done by the research team based on the preparations of the research activities (see figure 1). The waste management service improvement is the focus. More specifically, the sorting of waste in partner organization facilities in order to recycle the waster better. Especially in focus is the energy waste and how to reduce the plastic ingredients such as PVC. PVC is one of the most widely used plastics. Examples of PVC product include drainage pipes, electricity and data cables, frames, casings and sheathings, tapes, floorings, imitation leather and furniture films, packaging (e.g. wrapping films, bottles), laminate textiles, shoes, bags, toys, garden products, tarpaulin, and medical products.

From the L&T point of view the main objective is to reduce the chlorine content of energy waste at the origin of waste by controlling both the quality of waste and the quality of sorting. For L&T the main challenge is, how to motivate our customers to sort waste according to sorting instructions? The value chain of L&T's is longer than included in the Research Project, which focuses the customer end of the process. L&T's customers generate waste in their business processes and provide waste source separation of energy waste. This is based on sorting instructions that may vary from city to another. In some cases meetings and sorting training is provided. After the waste collection, transportation through transfer stations or directly to the main processing center (Kerava) is followed by the actual waste processing at L&T's Kerava recycling park. This includes quick visual quality control of received waste. It is not easy to know the origin of waste. Also quality improved by sorting processes, and sampling of produced SRF + laboratory analyses (incl. chlorine content) are followed process steps. Then (outside the scope of the project) the waste materials sorted and tested and the processed into raw-material (fuel) that is later transported to the co-combustion of SRF in a power plant.

These companies are mainly from the commercial and industrial sector. They are Parma Oy, Keslog Oy, Valio Oy and Puukeskus oy, and Scania.   **Parma** is the largest concrete element (concrete properties) manufacturer in Finland. Parma is part of Consolis Group, which is a leading European Group providing comprehensive solution for building and infrastructure projects. **Keslog** is a subsidiary of Kesko group and its main area of business is the provision of logistic services in the trading sector. **Valio** is a company made up of 17 Finnish cooperative diaries. **Puukeskus** is one of Finland's leading suppliers of timber and building materials. **Scania** Suomi Oy is part of the Scania group, which is a global company with a sales and service organization in more than 100 countries. It manufacturers Scania trucks, busses and coaches, engines and provides spare parts and related maintenance services. Furthermore, out of the business context was the representative from the **ELY**. ELY is the Centre for Economic Development, Transport and the Environment in Finland. ELY Centres monitor the state of the environment and any changes within it. This monitoring work is conducted using biological, physical and chemical variables, among others, and analyzing their interaction. ELY Centres use information on environmental load, collected through environmental monitoring and research. As ELY represent the government and the regulatory body, their work entails statutory environmental protection duties and their supervise decisions on environmental and water permits.

Case company SK is the other focal company. Skanska Corporation is one of the world's leading project development and construction groups with expertise in construction, development of commercial and residential projects and public-private partnerships. SK is the operational division in Finland. Skanska's operations in Finland cover similarly construction services, residential and commercial project development and public-private partnerships. Skanska is re-introducing a housing concept called BoKlok they wanted to be the focus of the research.   The BoKlok Concept (see more details http://www.boklok.com/ and http://kodit.skanska.fi/boklok/) is owned jointly by Skanska and **IKEA** through the 50-50 joint venture BoKlok AB, who develops the concept and hold all property rights. BoKlok is a groundbreaking concept to housing that involves providing space-saving, functional and high quality individually owned houses at a price that that afford a stylish and comfortable home within cities. All BoKlok schemes are sold through special sales events in the closest IKEA store. BoKlok is active on six markets: Sweden, Denmark, Norway, Finland, Great Britain and Germany. Here the focus is on Finnish experiences. The first round of BoKlok houses in Finland were on 2006 and the latest were built in 2013.

IKEA and Skanska, BoKlok homes have been created through a fruitful collaboration between skilled architects, IKEA interior designers, construction element providers, to name a few parties. As such the entire process - from the search for land, through detailed plans to the point where the customers move in - is carefully prepared and documented. Analysis of the concept has been carried out: Everywhere the customer surveys shows the same: The people living in BoKlok dwellings think their apartments and the area they are living in are great, and that their monthly living cost is low and affordable to them. However, the interviews conducted in this study revealed that in Finland the current owners of the BoKlok house (build in 2006) were not at all knowable that it is a specific concept house. Since majority of the original owners have moved out and new owners moved in, the concept was not visual anywhere.

From the SK value chain, a wide variety of experts participated the study. These included the Vantaa city municipal representatives responsible of housing services in the city of Vantaa, the city planning experts and architects, construction element builders and IKEA representatives alongside the SK representatives of various units. Surprisingly, the actual owners nor the potential residents of the houses were not participating the workshop. They were represented through the resident stories collected by the master's students. However, there are other activities at SK to involve residents or potential owners of the houses. These include net-based participation in focus groups and surveys, blogs and so on. These activities have been limited out from this paper. The second case conducted with SK will include a different housing service concept. Currently discussed is to focus on the senior housing concept. This case would include actual and potential customers, i.e. residents in the activities.

Neither of the case companies had previously conducted direct concurrent stakeholder activities. In both cases, the stakeholders (individuals) did not know each other and all the previous activities between the focal company and the stakeholder company was bilateral only. In case L&T, the types of stakeholders integrated consists of the selected of the 5 B2B customers with different roles in the company, a local authority representative, and L&T representatives with various roles such as sales and environmental management. In case of SK, the types of stakeholders integrated consisted of local authorizes such as municipal e.g. City representatives responsible of housing services, the city planning experts and architects, construction element builders, and IKEA representatives alongside the SK representatives of various units

Stakeholder integration workshops implemented

Two rounds of principal data collection will be carried out in two cases. The first round of study (in 2013) included examination of several collaborative methods. The experiences from multiple stakeholder collaboration in service development were positive. In both cases, the stakeholders had never met each other and all the previous activities were bilateral only. Thus, the understanding of the complex service system, the needs and requirements for it were only partial. Through integration of resources and collaboration, the service concept was not only understood more widely but also further developed. The second case was also the first multilateral workshop for the representatives and demonstrated quickly the collective power in identifying challenges, i.e. development areas.

Case L&T workshop implementation

The research team conducted a series of interviews with the staff members of the stakeholder firms (B2B customers) and at the L&T in order to understand their unique needs in terms of waste management and especially sorting of waste. The interviews were organized at the premises of the stakeholders and run by the research team members. This current state analysis was done through thematic interviews. The research tested a new CoCo methodology, which is currently under development (Ojasalo & Keränen 2011). Subsequently, the thematic interviews were based on the component of the tool. The research project added a fourth category of service innovation. The interviews lasted about an hour, and were taped and transcribed. AL data gathered was stored in research database. Furthermore, the CoCo continuum tool was used for analyzing the data. The third component used was the CoCo tree visualization. The analysis of the interviews resulted also bites of reality statements that were later used in workshop. This empirical data

was used for needs understanding and also selection of the participatory methods. The research team chose several methods for testing in workshop including two specific participatory methods: the first method is well-known and the second method is a new CoCo Cosmos tool for a comparison purpose. The common method was called 8-by8 –method, but it was used in more participatory way. The newer method is called CoCo Cosmos tool and it is currently under development in University of Cambridge, UK. The research team prepared process flow description, value chain descriptions, blueprints of the service, stakeholder map, quotes –insights from the interviews, and CoCo tree visualizations. Based on the information gathered, the next phase began. The workshop planning was focused on getting the stakeholders to participate in this type of service development. Subsequently, a structured service development workshop was planned, scheduled, materials prepared and invitations sent.

Within the half-a-day workshop, the participants were divided into groups consisting of stakeholders (customers), L&T representatives, and facilitators (the research team members). The participants were led through a series of structured activities. First, to recognize their firm's annual waste management report. Discussing the report contents and what can be learned from those reports. Secondly, a key operator of the service, e.g. the truck driver expressed himself through storytelling method. The stories were from both sector – household and industrial waste management – and from the everyday life of the driver. It offered insights about the challenges faced by the operator, what makes his life easier, what kind of interaction he has with both parties, people and places around the service. The 8-by-8 method exercise was conducted next. To groups were formulated. This task required people in a group to organize issues, ideas, concepts, functions or matters around the template of 8-by-8 canvas on the wall. This task required people to first organize their thoughts written on post-it notes and then organize post-it notes spatially, in a way that made sense to them. Their spread of notes, i.e. issues revealed their expectations and priorities about the service in question. The second exercise was with the game of CoCo Cosmos tool. The facilitators e.g. the research team members probed the participants throughout the workshop and encouraged to discuss and write. Suggestions were written down. The round table discussions were carried out throughout the workshop. The workshop ended with sharing experiences of the workshops, its methods and the created shared understanding. Four further service development activities were selected from the magnitude of ideas.

Case SK workshop implementation
The research team conducted a series of interviews with the staff members SK in order to understand their unique needs in terms of construction business and especially the re-introduced housing concept. The failures of the original introduction of the concept were discussed. The Master's students conducted series of interviews with the current residents of the housing concept. Based on the gathered information, a workshop was planned by the research team.

Within the half-a-day workshop, the participants started working with the short customer stories that represented the customer view. The methodology of Idea notes, in which one stakeholder starts with his/ her own ideas and then continues with other participant's ideas further, was used. This was followed by InnoWalk –method, in which the work continued to identify challenges and success opportunities of the

found ideas. Imagined future –method and group discussions were conducted next and the workshop ended with sharing of experiences of the workshop, the methods used and roundtable discussion of the development ideas. Three new concept developments were further drafted.

In both workshops, recording - either per camera and/ or tape - were done during the workshops. All written material was further analyzed by the research team. Also, observations were carried out in the workshops. The workshops were documented in written format.

4. RESULTS AND FINDINGS

Various stakeholder groups such as users, customers, suppliers, sub-contractors, state or municipal officials, authorities and other professional groups can be more integrated into the service business development. However, the collaboration of the stakeholders in business-to-business (B2B) context remains a challenge.

In this research, both the firm's and its stakeholder organizations' representatives improved i.e. developed service solutions through collaborative methods. The preliminary research results indicate and the experiences suggest that concurrent and direct multi-party stakeholder collaboration in service development is positive input in innovation. And as such has a place in the selection of stakeholder integration strategies alongside with the more technically-enhanced web-solutions (Russo-Spena and Mele 2012). The experimental evidence supports the use of direct interaction and workshop methods.

In both cases, the stakeholders (individuals) did not know each other and all the previous activities between the focal company and the stakeholder company was bilateral only. Thus, the understanding of the complex service system, the needs and the requirements for it, were only partial. The dyadic role and activities were common and active stakeholder management was carried out in both case companies. Through the integration of individuals in various firms and expertise areas, and through live collaboration, the service was not only understood more extensively but also further developed. Also, the collective power in identifying service development areas was quickly demonstrated in both cases. During the study, a strong collaboration between the parties was observed. The basic innovative activity occurred during the workshops. Co-creation was achieved and observed was a common approval of the suggestions. Companies should thus note that service innovation through strategic stakeholder integration develops new business ideas for both parties involved. The ongoing dialogue between the company and its strategic stakeholders may also strengthen business co-operation in general.

Based on the insights gathered in the research and the co-creative workshops, the research team was able to highlight the future development focus. The output of the participatory workshop included: firstly a great number of ideas of improvements, secondly, thematic analysis of the ideas, discussions, shared understanding and shared experience. Furthermore, the findings indicate the service value-in-use is very vulnerable. This is because the length of the service value chain, the difficulty to point the origin of the raw material, e.g. waste, quality management complexities throughout the process, sourcing and procurement

activities within the customer processes, to name a few. Likewise, the business opportunities of the construction partner throughout the lifecycle of the house are noted. Considering the house as a service emerged during the workshops.

Following figure depicts the framework how to approach multi-party stakeholder collaboration. It is based on the idea of joint value sphere by Grönroos and Voima (2012). Accordingly, in the joint value sphere, the role of the customer and supplier is twofold: co-producer of resources and processes with the firm and value creator jointly with the firm. Based on the findings of this research the joint value sphere is built with multiple stakeholders while the service innovation and development processes may include more stakeholders. Hence, the paper suggest enlargement for the original value creation sphere concept.
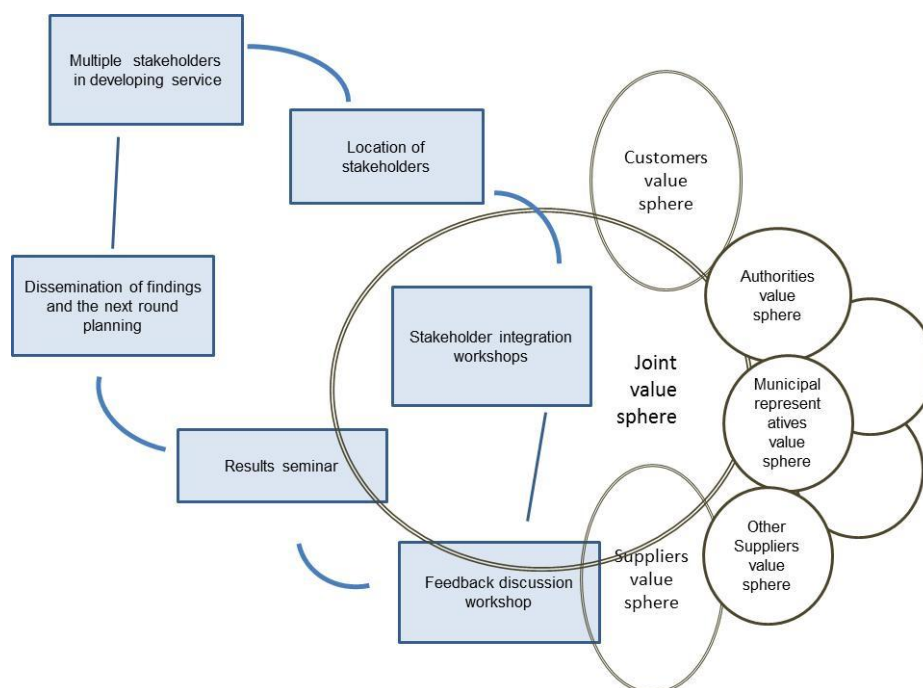

Figure 2. Multiple stakeholder approach framework

The two main problems found (Alam 2002) with the customer interaction - the identification of the appropriate individuals and the lack of cooperation and commitment of customers - was partly supported in this research. To solve the problem of identification or location the appropriate individuals, the research team encouraged the main point of contact in the stakeholder organization to identify individuals. Strong support was to diversify the selection of individuals from variety of levels of hierarchy. However, the lack of commitment seems to be more related to the time issues and scheduling of the activities rather than the lack of commitment to the topic. Similarly, the other challenges with collective action noted by King (2008) i.e. not share a common focus and no guarantee of success was kept in mind throughout the research. The solution in 'no common focus' -challenge is that the focus can be identified first by the participants, not by the firm or the managers. Measuring success is always a challenge and can only be estimated from the outputs and actions.

Due to the complexity of service systems, the paper suggests also extending the stakeholder group location and selection to include other service system related parties. The cases examined in this paper demonstrate successful stakeholder collaboration. The research has identified several methods that can be used in direct live concurrent stakeholder integration methods to improve the service.

5. DISCUSSION

Literature recognizes collaborative and co-creative processes, yet, seldom discusses the managerial aspects, the course of actions, or how to make it happen Little evidence is provided in literature, how stakeholders can be integrated and what practices can be found in collaboration during the service development. The study highlights the need of multiple direct interaction situations required in order to integrate multiple stakeholders in service development. Practical implications support the workshop facilitation. How a firm can improve their multiple stakeholder collaboration and benefit from integrating stakeholders in service development requires further investigations.

This two case-based examination of the multi-party stakeholder collaboration in service development shows that it works. The cases examined in this paper demonstrate successful stakeholder collaboration conducted in workshops in order to develop service. Integrating these stakeholders into service development process provides service benefits, new insights and buy-in with all stakeholders, which is important in the initial and continuing activities. Hence, moving stakeholder management from sporadic actions towards and collaborative approach is supported.

This study contributes to understanding of the multi-stakeholder collaboration in developing service in business-to-business context. Integrating stakeholders or various stakeholder groups - beyond the customers - such as suppliers, sub-contractors, state or municipal officials, and other professional groups, can bring into the service business development. However, the collaboration of the stakeholders in business-to-business (B2B) context remains a challenge. The paper examines service development from this perspective. This perspective provides significant contribution to the service innovation literature.

A stronger stakeholder interaction represents an opportunity to bring in more perspectives into the service development process. As such, the theoretical basis is found in stakeholder theory and service driven logic. Especially, the Nordic School of Service Research emphasizes the value co-creation aspect, interaction, and relationships. The co-designing, co-producing, and co-creation of value are of importance.

This paper provided examples of multi-stakeholder actions, which remained within the national boundaries (Roloff 2008). The preliminary results are based on the triggers of the focal firm, i.e. the service provider. As such, paper is in line with Roloff's (2008) notion of initiation of multi-stakeholder network, which is based on group challenge. Yet in this paper the challenge was defined in direct collaboration, not by the service provider.

The approach used and framework developed includes
- Understanding the power of multiple stakeholders in developing service
- Location of stakeholders beyond the customer/ user – supplier framework
- Stakeholder integration and collaboration workshops in order to benefit from the joint value sphere
- Feedback discussion workshop to walkthrough the workshop again and create in-depth understanding
- Organizing results seminar for the whole group of individuals to participate and invite more representatives from the organizations
- Conduct dissemination of findings and conduct the next round planning

As such this paper offers a pragmatic approach to stakeholder collaboration.

Originality/value – To our knowledge, few papers reports on service innovation through strategic stakeholder integration. This paper is built upon experience from a number of company contexts and uses a number of innovative collaboration methods. The framework is developed to suit and guide B2B innovation processes for service development. It aims to integrate stakeholders on continuous bases. Therefore, the framework may also serve as a platform for new business models among stakeholders. For academics, the paper provides advancements in integrative engagement approaches in developing service and of its managerial consequences.

Research implications – this research contribute to the contemporary service marketing and management research. Simultaneous multi-stakeholder collaboration contributes the co-creation discourse. The experiences of collaborative methods and their application in the specific context can be valuable for researchers and practitioners. Similarly, the proposed framework gives a platform for consideration, how service in a B2B context can be developed in collaboration. Limited to two cases and event-based approach, the study receives caution in generalizability of the results. Future research may focus on integrating new innovation methods for service innovation based on the proposed framework. The analysis shown in this paper provides a foundation for further development. The paper advances the approach of balanced centricity by focusing on the collaborative development process of multiple stakeholders.

Practical implications – Case examples help in discussion of abstract constructs and help developing everyday life. Rich insights provided encourage innovative approaches for more delicate managers. The practitioners will understand the power of actor-to-actor interaction. They will learn new ways to engage their stakeholders in service development. It should be considered that service innovation through strategic stakeholder integration develops new ideas for both parties involved. And as such continuation of activities are strongly suggested. The interaction and ongoing dialogue between the company and its stakeholders may also strengthen business co-operation in general.

To conclude, firms can further develop their stakeholder collaboration activities and move away from dyadic relationships that occur at different times in order to extract greater value from relationships with variety of stakeholders. The authors encourage further empirical studies to test the proposed framework and also validate the preliminary finding of this study. In addition, collaboration and co-creation methods in general require rich analysis to firms with their active and networked stakeholders that form valuable resources will be capable of achieving solutions beyond the current understanding.

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