

Service Innovation at Abbott Medical Optics

Case in Brief

Abbott Medical Optics found it was losing customers due to poor customer service. Working with Strategyn and using the Outcome-Driven Innovation (ODI) methodology, the company was able to:

Discover unique service innovation opportunities by looking at customer needs from the perspective of the job the customer is trying to get done

Satisfy customer needs with innovations in service delivery (advocates and regional customer care teams) and new offerings (stand-alone software)

Realize a 10 percent increase in its Net Promoter score and a 14 percent increase in its customer loyalty index in the year following implementation of the innovations

Win a prestigious award for world-class customer service

Client Challenge

Operating in over 25 countries, Abbott Medical Optics, or AMO (formerly Advanced Medical Optics), is a leading provider of lenses, insertion systems, laser vision correction systems, and other devices for cataract and refractive surgical procedures. Although it emphasizes technological innovation, AMO operates in markets in which innovative products are quickly imitated by competitors. To solidify financial returns in this type of market, the company needs to attract and retain customers through excellent secondary service and support mechanisms.

In 2005, AMO decided to apply the same scientific rigor to service innovation that it had long applied to innovation in vision technologies. Angelo Rago, AMO's senior vice president of global customer services, noted that a cycle of incremental service improvements had resulted in "me too" service delivery mechanisms and support services—services that looked just like AMO's competitors' offerings. Worse, Rago and his team recognized that sales were being lost to competitors due to poor customer service.

“At company events, we would proclaim that the most important person at AMO was the customer. In reality, customer service was not part of the team. We were losing sales to competitors due to poor service. As a result, our sales team was focused on customer recovery instead of growth.”

—Angelo Rago, Senior Vice President, Global Customer Services, Abbot Medical Optics



How Strategyn Helped

To identify opportunities for service innovation, AMO used Strategyn’s ODI methodology to uncover the needs of materials managers, who are the customers most impacted by AMO’s services. Unlike traditional service improvement initiatives, which focus on shoring up current services, the ODI approach recognizes that current services are just point-in-time solutions to customer needs. Whole new solutions may be merited: it’s the underlying customer need to get a particular job or jobs done that matters. In the case of materials managers, a main job is replenishing lens inventory. AMO understood that focusing on this job was more likely to uncover opportunities for service innovation that its competitors had missed.

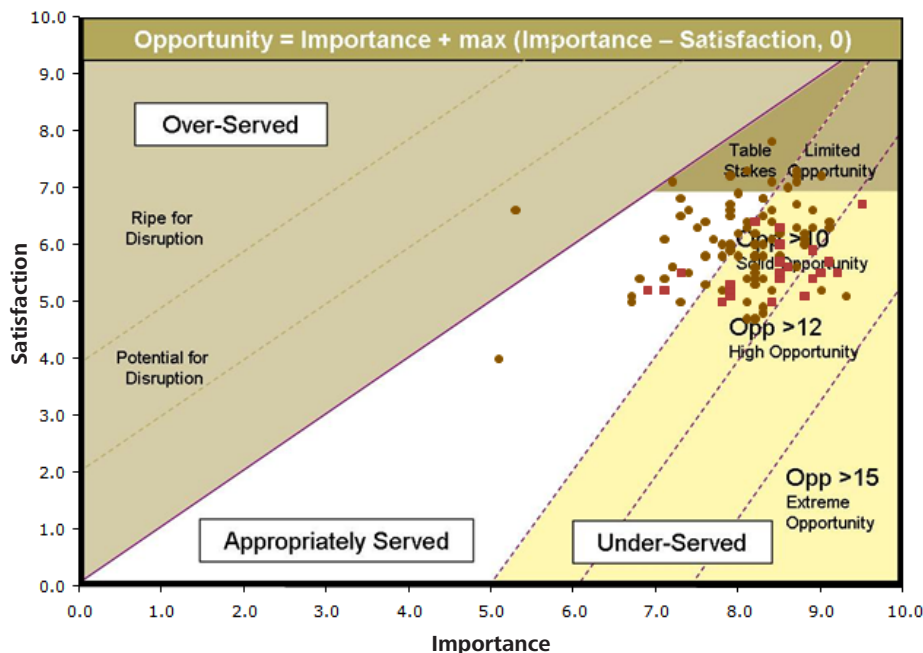
Drawing on the responses of 20 materials managers, AMO dissected the job of replenishing ophthalmic lenses for cataract implant surgeries, uncovering 83 outcomes that materials managers desired in doing this job—outcomes relating to various steps in the job, from determining lens replenishment needs to returning lenses to the vendor. By studying the job, AMO discovered that a traditional distinction between front-office and back-office responsibilities for materials management was artificial. AMO also uncovered 22 desired outcomes related to materials managers’ service and support interactions with an ophthalmic vendor.

Next, using ODI-based quantitative research techniques, AMO had 192 materials managers prioritize the outcomes it had uncovered. The opportunity landscape revealed considerable opportunity for innovation, with 46 of the 83 lens replenishment outcomes being underserved and 19 of the 22 service and support interaction outcomes being underserved.

The prioritized list of materials managers’ needs revealed a flaw in AMO’s service delivery approach and in the process of obtaining ophthalmic lenses more generally. Materials managers were frustrated by the process of communicating problems to AMO and its competitors. They were often unsure whom to contact to get a particular problem resolved because the issues they confronted ranged from delivery and lens consignment to invoicing and returns. AMO management recognized that delays often resulted because materials managers had to contact several people within AMO before finding someone who could help them. Matters were further complicated by the fact that the resolution of a given problem might require the involvement of several people and/or several layers of approval within AMO.

Using the newfound insight into how materials managers define value, Strategyn led a team of AMO sales, technical support, customer service, accounts payable, logistics, and IT infrastructure managers through the process of developing solutions to satisfy the most promising opportunities.

The Opportunity Landscape



The opportunity landscape revealed a number of underserved outcomes for materials managers. Many of these opportunities are promising targets for service innovation.

To learn more about the opportunity landscape, see Anthony W. Ulwick, *What Customers Want* (New York: McGraw-Hill, 2005).

The Results

To fix its flawed service delivery approach, AMO transitioned from a transaction approach to a relationship approach to customer service. As Rago explains, “Before, we had a first-in, first-out approach to customer service. A customer had no relationship with the person who happened to answer the phone when they called. Now, the top clients are automatically directed to a dedicated advocate who can handle anything that the customer needs. The next tier of clients go to regional customer care teams, or pods—a small team that works together to know the customer, and manage any concerns that the customer has.”

AMO introduced advocates and regional customer care teams in 2006. Customers now have a single point of contact within AMO and a voice inside the company to address the range of issues they confront. If a customer issue requires additional research, an AMO advocate or member of the care team has responsibility for problem resolution, ensuring that customers with tricky problems no longer have to navigate opaque internal processes without a guide. Physical proximity among team members of different functional areas also improves communication and coordination to resolve customer problems. As a result, the customer’s problem is resolved faster and more thoroughly.

In addition, customer service has now assumed a more strategic role within AMO. Advocates and care team members reach out to customers on a regular basis to identify potential issues. Regional sales calls include customer care team members to ensure that everyone knows what changes are taking place and which accounts are being threatened. This has enabled AMO to proactively head off potential account problems and better anticipate how to grow account revenues.



In 2007, just two years after working with Strategyn, AMO was awarded the prestigious Omega Management NorthFace Award, which recognizes world-class customer satisfaction.

“The Strategyn ODI process is particularly valuable for service innovation because it takes a very intangible customer experience and makes it more tangible.”

—Angelo Rago, Senior Vice President, Global Customer Services, Abbot Medical Optics

AMO’s management team also learned that not having the right lenses on hand for a surgical case was a big problem for materials managers. Because this particular problem has more to do with the ongoing back-office operations of a surgical center than with vendor service and support, it had not occurred to AMO or its competitors to address it. But once the ODI methodology brought the problem to AMO’s attention, the company was able to develop an advanced schedule-planning and inventory management software module that facilitates accurate and timely replenishment of lenses based on upcoming case needs, current inventory, and other considerations.

Proof that AMO’s customers are responding favorably to these outcome-driven service innovations has been steadily accumulating. Here are just some examples:

- AMO’s Net Promoter score increased by nearly 10 percent in the year following introduction of the service innovations.
- A MarketScope industry survey showed that industry perceptions of AMO’s overall business practices and of the quality of its products and services has improved significantly since introduction of the innovations.
- AMO’s corporate survey showed that its customer loyalty index improved by 14 percentage points in the year following introduction of the innovations.
- In 2007, just two years after working with Strategyn, AMO was awarded the prestigious Omega Management NorthFace Award, which recognizes world-class customer satisfaction.

“Strategyn’s outcome-driven innovation approach was key to helping AMO develop a customer-driven strategy.”

—Angelo Rago, Senior Vice President, Global Customer Services, Abbott Medical Optics

Learn More

Strategyn is an innovation consulting firm specializing in the management of innovation. To learn how to make Strategyn’s Outcome-Driven Innovation methodology the cornerstone of your company’s corporate innovation efforts, visit strategyn.com.

Publications that explain the details behind Strategyn’s methodology include:

- Anthony Ulwick, *What is Outcome-Driven Innovation?*, (White paper, March 2009).
- Anthony W. Ulwick, *Turn Customer Input into Innovation*, *Harvard Business Review* 80, No. 1 (January 2002).
- Anthony W. Ulwick, *What Customers Want*, (New York: McGraw-Hill, 2005).
- Anthony W. Ulwick and Lance Bettencourt, *Giving Customers a Fair Hearing*, *MIT Sloan Management Review* 49, No. 3 (Spring 2008).
- Lance Bettencourt and Anthony W. Ulwick, *The Customer-Centered Innovation Map*, *Harvard Business Review* 86, No. 5 (May 2008).
- Lance Bettencourt, PhD, *Service Innovation: How to Go From Customer Needs to Breakthrough Services*, (New York: McGraw-Hill, 2010).

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