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With *New Service Development and Innovation in the New Economy* Edvardsson and his colleagues cover an interesting topic in modern services management. Innovations in service provision facilitated by developments occurring in the New Economy age apply not only to traditional service organizations, but to any organization. As the authors state in their preface “It is just a matter of changing perspectives” (p. 8). Market trends and characteristics of the new economy, such as service infusion in manufacturing companies, technology infusion in services, the networked economy, and the changing role of the customer-lead to the development of a modern management thought. This management thought has evolved from being traditional product- and transaction-oriented, via being services- and relationship-oriented, towards a view in which the value driven intellectual company is the central object. This company is characterized by service value competition, value constellation strategies, virtual organizations, and leadership that focuses on intellectual capital.

The book, which aims at contributing to both practical and theoretical knowledge, leads towards the final destination of “world class new service development” by taking readers on a journey through several stages. These stages are integrated in a model of the “new service development process”. The model, which also determines the overall structure of the book, puts the new service development process in a framework of company strategy and culture, earlier research on the development of new services and service innovation, and the service logic. The main objective of that is to “contribute to a better understanding of the mechanisms and patterns, which may explain the development of world class services” (p. 29).

After setting the stage with a presentation of perspectives on new service development and innovation in chapter 1, the book proceeds with two chapters that deal with the context of the new service development process. As a “reminder”-chapter, chapter 2 goes back to the basics of services by focusing on their characteristics and the service logic. Different service classifications are being presented as well as well-known concepts such as the “moment of truth”, critical service encounters, and the service concept. In addition, the chapter presents an overall view on new service development, provides an overview of what others have done, and facilitates the search for topic-related references. Chapter 3 turns towards a macro-perspective on new service development by describing how culture plays a role in service strategy determination. This role can be quite substantial since a company’s culture, both at corporate as well as specific service level, “dictates just what services the company can realistically develop and maintain” (p. 64). For three general service development strategies the authors describe the role that culture might play. These strategies include the seamless system, product-sharing services, and product-to-service transformations.

The following four chapters cover the actual new service development process, consisting of four fluid and overlapping phases. First, chapter 4 deals with step 1: the service idea generation. It provides a short introduction into the area and deals with sources of service ideas, techniques for idea generation, and idea screening. As an illustration a case is presented that shows how Doblin Group and Scandinavian Airlines System (SAS) go about generating ideas through studying consumer behavior. The chapter concludes with some reflections and managerial implications formulated on the basis of the case.

Step 2 of the new service development process, the service strategy and culture gate, is discussed in chapter 5. This step deals with the central aspects of the process: the allocation of resources, project formation, project composition, and the implementation of common values in the organization of the project. A business case on Electrolux provides a demonstration of how common cultural values can be achieved in an organization.

After having determined the service strategy and established common organization-wide values, it is time to start with the service design. This step is covered in chapter 6 of *New Service Development and Innovation in the New Economy*. The service design phase consists of three parts: The service concept, the service system, and the service process. Again, things are illustrated by a case of Skandia that highlights the design of new interactive services on the company's homepage. This was done through segmenting customers into four general types of decision-makers.

The final step in the development process is referred to as service policy deployment and implementation and is discussed in chapter 7. The authors do not specifically focus on traditional implementation issues such as service training, service launch, and internal and external marketing. The focus is on the process of introducing and integrating a new service into a current existing service system. In addition, the use of service policy deployment as being part of the implementation process is discussed. For this step two illustrative business cases are provided, one on Telia, a state owned telephony company in Sweden, and one on Vattenfall's Innovation Center. Again, managerial implications are derived from these cases.

Effective new service development processes do not just emerge. In order to become effective, all four steps in the new service development process need to be facilitated by different supporting methods. Chapter 8 describes such methods that will help organizations learn as much as possible about customers, how they think and behave, what values they have, and how they react to different service offerings. In addition to these external communication methods, internal communication methods, aimed at ensuring that customer information reaches internal parties, are being dealt with in the chapter as well. An illustrative case is provided that deals with quality function deployment.

The book ends with a summarizing discussion of prerequisites for world class new service development and innovation in chapter 9. A number of critical success factors, based on case studies, empirical research, and literature review, are presented through which organizations should be able to develop new services or service packages with high customer value.

Overall, the main benefit of *New Service Development and Innovation in the New Economy* is that it deals with one of the key issues in the management of a modern firm: Introducing and developing new competitive services in an era that is dominated by major structural changes, changes that result from increased deregulation, use of telecom and Internet-based processes, internationalisation, strategic alliances, and technological advances. The model of the new service development process provides a comprehensive and logical perspective on the issues involved in this process. The combination of theoretical as well applied approaches makes the book particularly appealing to practitioners, theorists, and university students. The practical perspective is strengthened by the inclusion of various business case studies that thoroughly illustrate the design and improvement processes of new services as they occur in organizations at the moment.