



*Richter, A.; Sadek, T.; Steven, M.*

### **Flexibility in industrial product-service systems and use-oriented business models**

CIRP Journal of Manufacturing Science and Technology. - 2010 -

#### Abstract

Today's corporate environment is characterized by growing dynamics and uncertainties. Here, flexibility gains importance as a critical success factor. This is especially true for those innovative business models, which have in common relational and long-term customer-supplier relationships. As a solution to the mentioned uncertainties connected with such a business relationship, one can think of flexibility designed Industrial Product-Service Systems. The contribution at hand focuses on contracts to control customer-supplier relationships, which remain incomplete due to their long-term horizon and the resulting uncertainties and therefore implicate incentive problems and, thus, inefficiencies. We can show that by re-allocating property rights in use-oriented business models it is possible to distribute incentives and risks more uniformly and to better balance the interests of customers and suppliers. Doing so, the leeway resulting from these incomplete contracts should not be interpreted as a risk anymore but more as an opportunity to exploit the accordant development of flexible Industrial Product-Service Systems. Our contribution points out the importance of flexibility and describes the opportunity to detect the optimal degree of flexibility of such a system.