



Victoria Management School

MMBA 559
MANAGING SERVICE OPERATIONS

Trimester 1 2005

COURSE OUTLINE

Contact Details

Dr. Linda C. Angell

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Class Times and Room Numbers

Tuesdays 19:40 – 21:30
RH LT 3 or RH G01 (to be confirmed)

Course Objectives

The service sector reflects the largest segment of most industrial economies. For example, in New Zealand, the service sector employs over 60% of the total workforce and accounts for more than half the total GDP. Unfortunately, over the past 35 years, service sector productivity growth has consistently lagged that of the manufacturing sector. This course considers the service economy, and identifies and addresses the challenges inherent in managing service organisations. Ideally, services provide an experience that connects with customers in such a personal and memorable way that they become lifetime partners in both the marketing and operations aspects of the business.

Based on the readings, case studies, exercises, discussions, and assignments, you can expect to achieve the following by the end of the term:

1. Understanding of the 'state of the art' in service management thinking Appreciate the organisational significance of managing the service encounter to achieve internal and external customer satisfaction thinking

2. Perceive the entrepreneurial and competitive opportunities available within the service sector
3. Improve your abilities as a manager (and consumer) to critically evaluate and provide (or experience) more effective and efficient customer service.

Course Content

This course comprises twelve two-hour lectures covering the traditional span of operations management. A topical outline is provided on pages XX-XX of this outline.

Readings

Fitzsimmons, James A. & Fitzsimmons, Mona J. (2004). Service Management: Operations, Strategy, and Information Technology (4th Edition). New York: McGraw-Hill, Inc.

Brassard, Michael & Ritter, Diane (1994). The Memory Jogger II. New Hampshire: Goal/QPC.

Textbooks are available at the Victoria Book Centre. Additional readings and case materials will be provided as necessary by the instructor during the course.

Materials and Equipment

It is expected that all assignment submissions will be prepared on white bond paper using PC technology and submitted in hard copy. All other assessment materials will be supplied.

Assessment Requirements

Customer Feedback Review	25 %	Due March 8 th
Process Design & Blueprinting	25 %	Due April 12 th
Facility Location/Layout or Forecasting	25 %	Due April 26 th
Queuing Theory	25 %	Due May 24 th

Students will submit four topical case study analyses during this course to build on the case studies and topics discussed. Students shall also prepare copies of a one-page handout (executive summary) enabling them to share and discuss their findings with the class on the date these assignments are due.

Customer Feedback Review. Students will review an existing customer feedback programme – either within their own organisation or within a cooperating organisation. This assignment should determine the extent and nature of customer feedback received during the past 3 to 6 months, and critically evaluate the effectiveness of approaches for dealing with **both** positive and negative customer feedback. The review should include an analysis of the customer feedback review process as well as recommendations for improvement of this process.

Process Design and Blueprinting. The student should select an existing mainstream service within a local service organisation (such as a café, school, store, utility, hairdresser etc.). Describe this service and discuss/illustrate how it fits within the various frameworks found in Chapter 2 of the text (Figures 2.1 to 2.7). Blueprint the service. Discuss the line of visibility and the customer/provider relationship. Could these be altered? How? Would this be an improvement? What are the pros/cons of such an improvement? Describe, carefully analyse, and critically evaluate how the chosen organisation manages its service process, and provide management with recommendations about how this process might be improved.

Facility Location and Layout, or Demand Forecasting. The student should apply one of these topics/tools to a local service organisation.. Describe, carefully analyse, and critically evaluate how the chosen organisation manages this issue, and provide the management with recommendations about how this area might be improved.

Managing Queuing. The student should apply queuing theory to a local service organisation, and discuss issues relating to capacity/demand management. Describe, carefully analyse, and critically evaluate how the chosen organisation manages this issue, and provide the management with recommendations about how this area might be improved.

Students can either focus in-depth on one organisation for all four papers, or could identify different service organisations for these analyses (for example, you could apply Blueprinting to Daniel’s Fine Foods on The Terrace and Capacity Management/Facility Design to Shannon’s Electrolysis & Beauty).

Specifications. Page limits: 7 to 10 typed A4 pages, not including exhibits, cover page, or table of contents. Students are encouraged to make efficient and effective use of exhibits to visually present their data and findings. Type Details: Times Roman 12 font, at least 2.29 cm. margins all around.

These analyses constitute “ individual work”!!

Penalties

In fairness to other students, work submitted after the deadline will be subject to a penalty of 5% of the total marks available per day of lateness. Assignments more than one week late will not be accepted. A “zero” mark will be applied. In the event of unusual, unforeseen circumstances (e.g., serious illness, family bereavement), students should discuss waiver of the penalty with the course controller prior to the deadline date.

Mandatory Course Requirements

Obtaining Terms for Passing the Course

To obtain terms in this course, students are required to attend classes, fully participate in and submit the written assignments, and achieve at least fifty percent of the overall course marks available.

Victoria MBA Grading Standards

- Victoria MBA - **Excellent** Category
A (80 – 85%) to A+ (above 85%): The quality is performed to a very high level of proficiency, i.e. it is at a standard that makes it exceptional at Master’s level.
- Victoria MBA - **Very Good** Category
B+ (70 – 74%) to A- (75 – 79%): The quality is performed at a high standard. Students have reached a level which clearly exceeds “competency”.
- Victoria MBA - **Good** Category
B- (60 – 64%) to B (65 – 69%): The quality is clearly demonstrated without being exceptional in any way. Students can be thought of as competent in respect of this quality.
- Victoria MBA - **Satisfactory** Category
C (50 – 54%) to C+ (55 – 59%): The quality is demonstrated to a minimally acceptable level. There may be flaws but these are not serious enough to “fail” the student on this quality.
- Victoria MBA - **Unsatisfactory** Category
E (0 – 39%) to D (40 – 49%): The quality is absent or performed to a very low level, or the performance is seriously flawed in this respect.
- Please note that the MBA Board of Studies (End of Course Marks Meeting) reserves the right to adjust final grade distributions in order to achieve meaningful grading standards and equity in the application of evaluation standards across various MBA courses.

Individual Work

While the Victoria MBA programme has a tradition of study group collaboration, there are important elements in the assessment process that are strictly individual. Collaboration on individual assignments is not allowed beyond general discussion as to how one might interpret the nature of the assignment question. Please do not work together to formulate a response and do not loan out your completed assignments.

Communication of Additional Information

Additional information and information on any changes will be conveyed to students via class announcements and/or by email.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly those regarding assessment and course of study requirements, and formal academic grievance procedures.

Student Conduct and Staff Conduct

The Statute on Student Conduct together with the Policy on Staff Conduct ensure that members of the University community are able to work, learn, study and participate in the academic and social aspects of the University's life in an atmosphere of safety and respect. The Statute on Student Conduct contains information on what conduct is prohibited and what steps can be taken if there is a complaint. For queries about complaint procedures under the Statute on Student Conduct, contact the Facilitator and Disputes Advisor. This Statute is available in the Faculty Student Administration Office or on the website at: www.vuw.ac.nz/policy/StudentConduct.

The policy on Staff Conduct can be found on the VUW website at: www.vuw.ac.nz/policy/StaffConduct.

Academic Grievances

If you have any academic problems with your course you should talk to the tutor or lecturer concerned or, if you are not satisfied with the result of that meeting, see the MBA Programme Director, then the Head of School or the Associate Dean (Students) of your Faculty. Class representatives are available to assist you with this process. If, after trying the above channels, you are still unsatisfied, formal grievance procedures can be invoked. These are set out in the Academic Grievances Policy which is published on the VUW website: www.vuw.ac.nz/policy/AcademicGrievances.

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means **no cheating**. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. Plagiarism is **prohibited** at Victoria.

The University defines plagiarism as follows:

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not.

'Someone else's work' means anything that is not your own idea, even if it is presented in your own style. It includes material from books, journals or any other printed source, the work of other students or staff, information from the Internet, software programmes and other electronic material, designs and ideas. It also includes the organization or structuring of any such material.

Plagiarism is not worth the risk.

Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct (www.vuw.ac.nz/policy/studentconduct) and may be penalized severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- suspension from class or university
- cancellation of your mark for an assessment or a fail grade for the course.

Find out more about plagiarism and how to avoid it, on the University's website at: www.vuw.ac.nz/home/studying/plagiarism.html.

Students with Disabilities

The University has a policy of reasonable accommodation of the needs of students with disabilities. The policy aims to give students with disabilities an equal opportunity with all other students to demonstrate their abilities. If you have a disability, impairment or chronic medical condition (temporary, permanent or recurring) that may impact on your ability to participate, learn and/or achieve in lectures and tutorials or in meeting the course requirements, then please contact the Course Coordinator as early in the course as possible. Alternatively you may wish to approach a Student Adviser from Disability Support Services to confidentially discuss your individual needs and the options and support that are available. Disability Support Services are located on Level 1, Robert Stout Building, or phoning 463-6070, email: disability@vuw.ac.nz. The name of your School's Disability Liaison Person can be obtained from the Administrative Assistant or the School Prospectus.

Student Support

Staff at Victoria want students' learning experiences at the University to be positive. If your academic progress is causing you concern, please contact the relevant Course Co-ordinator, or Associate Dean who will either help you directly or put you in contact with someone who can.

The Student Services Group is also available to provide a variety of support and services. Find out more at www.vuw.ac.nz/st_services/ or email student-services@vuw.ac.nz.

VUWSA employs two Education Coordinators who deal with academic problems and provide support, advice and advocacy services, as well as organising class representatives and faculty delegates. The Education Office is located on the ground floor, Student Union Building, phone 463 6983 or 463 6984, email education@vuwsa.org.nz.

MMBA559 Tentative Paper Outline

Class Session

Featured Topic(s) & Assignments

Week 1

Tuesday, 22 February

Introduction

The Role of Service in the Economy

Understanding the Nature of Services

Quality Tools: Team Guidelines, Multivoting, Radar Charts

Reading: Text, Ch. 1 & 2, MJ pp. iv-2, 91-94, 137-140, 150-155 *plus optional readings.*

Week 2

Tuesday, 1 March

Service Quality & Systematic Process Improvement

Defining Service Quality; Process Improvement Frameworks

Achieving Breakthrough Service, Service Recovery & Guarantees

Quality Tools: Brainstorming, Affinity Diagrams, Force Field Analysis & Interrelationship Diagrams

Reading: Text, Ch. 6 & 15; MJ, pp. 12-22, 63-65, 76-84, 115-131 *plus optional readings*

Prepare: A Measure of Delight: The Pursuit of Quality at AT&T Universal Card Services (A). (HBS # 9-694-047)

Week 3

Tuesday, 8 March

Customer Service and Strategic Issues in Service Organisations

Share Customer Feedback Review Findings

Creating a Service Culture, Service Strategy

Quality Tools: Data Points, Check Sheets, Run Charts, Matrices

Guest Speaker: Bill Earle, MSD's L. Hutt Contact Centre Mgr.

Reading: Text, Ch. 3, MJ pp. 31-35, 52-55, 85-90, 141-144

Due: Topical Analysis - Customer Feedback Review

Week 4

Tuesday, 15 March

Quality Philosophies in Service Organisations

Deming's Red Bead, Quality Gurus, Process Capability, Service Strategy

Quality Tools: Fishbone Diagrams, Control Charts, Histograms, Pareto

Charts, Scatter Diagrams, Tree Diagrams

Reading: MJ pp. 23-30, 36-51, 66-75, 95-104, 132-136, 145-149, 156-164 *plus optional readings.*

Week 5

Tuesday, 22 March

New Service Development

Process Design and Blueprinting

The Service Encounter/Experience

Quality Tools: Flowcharts

Guest Speakers: Daniel & Victoria, Service Entrepreneurs and Proprietors of Daniel's Fine Foods

Reading: Text, Ch. 4 & 5, MJ pp. 56-62 *plus optional readings.*

***** TWO WEEK BREAK – ENJOY! *****

<p>Week 6 Tuesday, 12 April</p>	<p><u>Project Management in Services</u> Share Process Design & Blueprinting Findings Project Management, PERT & Gantt Charts Quality Tools: AND/Gantt, Nominal Group Technique, Storyboards, Radar Chart, Teamwork</p> <p>Reading: Text, Ch. 14, MJ pp. 3-11, 91-94, 115-131, 137-140, 150-155 Due: Topical Analysis - Process Design and Blueprinting</p>
<p>Week 7 Tuesday, 19 April</p>	<p><u>The Service Facility</u> Facility Design, Location, & Layout Quality Tools: Prioritisation Matrix <i>Featured Service Sector: Medical/Health</i></p> <p>Reading: Text, Ch. 8 & 9, MJ p. 105-131 <i>plus optional readings.</i> Prepare: Shouldice Hospital Ltd (HBS # 9-683-068)</p>
<p>Week 8 Tuesday, 26 April</p>	<p><u>Managing Service Demand</u> Share Facility Location, Layout & Forecasting Findings Forecasting Techniques, Balancing Demand and Supply, Yield Management</p> <p>Reading: Text, Ch. 10 & 17 <i>plus optional readings.</i> Due: Topical Analysis - Facility Location, Layout, or Forecasting</p>
<p>Week 9 Tuesday, 3 May</p>	<p><u>Managing Service Supply</u> Waiting Lines & Queuing Models <i>Featured Service Sector: Medical/Health (continued)</i></p> <p>Reading: Text, Ch. 11 & 18 <i>plus optional readings.</i> Prepare: University Health Services: Walk-In Clinic (HBS # 9-681-061)</p>
<p>Week 10 Tuesday, 10 May</p>	<p><u>Service Supply Chain Management</u> Service Profit Chain & the Beer Game The Virtual Value Chain <i>Featured Service Sector: Retail & Transportation</i></p> <p>Reading: Text, Ch. 12 & 13 <i>plus optional readings.</i></p>
<p>Week 11 Tuesday, 17 May</p>	<p><u>International Expansion, Strategic Alliances, E-Service</u> Illustration of Service Supply Chain Concepts & issues relating to international expansion and strategic alliances</p> <p>Reading: Text, Ch. 7 & 16 Prepare: Laura Ashley and Federal Express Strategic Alliance (HBS # 9-693-050)</p>
<p>Week 12</p>	<p><u>Course Conclusion</u> Tuesday, 24 May Share Queuing Management Findings Course Wrap-up, Content Summary & Evaluations</p> <p>Due: Topical Analysis – Managing Queuing</p>

Case Study Discussion Questions

A Measure of Delight: The Pursuit of Quality at AT&T Universal Card Services

- How should the term 'quality' be defined in a financial services organisation?
- What are the risks of placing too much emphasis on measurements of internal process performance?
- How should UCS establish performance standards for internal processes (i.e. those having no direct impact on customers)?
- Has UCS created a system that supports continuous improvement or one that simply supports a sustainable level of service?
- Would you want to be a telephone associate at UCS? Can you imagine anyone who would? Why or why not?

Shouldice Hospital Ltd.

- How successful is the Shouldice Hospital? How do you account for its performance?
- As Dr. Shouldice, what actions, if any, would you take to expand the hospital's capacity?
- How would you implement the changes you propose?

University Health Services: Walk-In Clinic

- Evaluate the performance of the Walk-In Clinic. Are waiting times now acceptable?
- Why are "walk-in appointments" a problem? What should Ms. Angell do about them, if anything?
- What other actions, if any, would you recommend to Ms. Angell?

Laura Ashley and Federal Express Strategic Alliance

- Evaluate the decision to enter a strategic alliance from the perspective of both Laura Ashley and Federal Express. What are the real opportunities and risks of this approach?
- Evaluate the structure of the partnership. Do the financial arrangements make sense? Is the loose nature of the partnership appropriate, or should a more structured approach have been taken? What type of leadership was necessary to make such a deal, and what leadership skills will be necessary to implement it successfully?
- How likely is it that the partnership will succeed over the long term, and what will it take for both companies to make it successful? Are there specific organisational or human resource policy reforms that would enhance LA's performance?
- Assume that the partnership is successful. What new strategic capabilities will it provide for Laura Ashley, and how, specifically, should they be used to expand its business?

Optional (but Recommended) Readings

Week 1

Joseph Pine and James Gilmore, "Welcome to the Experience Economy," *Harvard Business Review*, July-August 1998, pp. 97-105.

James L. Heskett, "Lessons in the Service Sector", *Harvard Business Review*, March-April 1987, pp. 118-129.

Pamela Stirling. "Are You Being Served? The Embarrassing Truth About Service in New Zealand" *Listener*, January 27, 2001, pp. 18-23.

Week 2

Christopher Hart, James Heskett, W. Earl Sasser, "The Profitable Art of Service Recovery," *Harvard Business Review*, July-Aug. 1990, pp. 148-156.

Thomas O. Jones and W. Earl Sasser, Jr., "Why Satisfied Customers Defect," *Harvard Business Review*, November-December 1995, pp. 89-99.

Frederick F. Reichheld and W. Earl Sasser, Jr., "Zero Defections: Quality Comes to Service," *Harvard Business Review*, Sept.-Oct. 1990, pp. 105-111.

Malcolm Macpherson. "Performance Excellence in Local Government". Auckland City Council – City Planning Group.

Prabodh Mishra, "Te Papa: Investors in People". *Human Resources*, June 2001, pp. 10-12.

Heather Miles, "Performance, Leadership, Innovation: A Case Study of Carter Holt Harvey", *Human Resources*, June 2001, 2 pages.

Weeks 4 and 5

Steven E. Prokesch, "Competing on Customer Service," *Harvard Business Review*, November-December 1995, pp.101-112.

Robert Simons, "Control in an Age of Empowerment," *Harvard Business Review*, March-April 1995, pp. 80-88.

James L. Heskett, Thomas O. Jones, Gary W. Loveman, W. Earl Sasser Jr., & Leonard Schlesinger, "Putting the Service Profit Chain to Work", *Harvard Business Review*, March-April 1994, pp. 164-174.

Week 7

Mary Jo Bitner, "Servicescapes: The Impact of Physical Surroundings on Customers and Employees," *Journal of Marketing*, April 1992, pp. 57-71.

Sheryl E. Kimes & James A. Fitzsimmons, "Selecting Profitable Hotel Sites at La Quinta Motor Inns," *Interfaces*, vol. 20, no. 2, March-April 1990, pp. 12-20.

Charles H. Davis & James A. Fitzsimmons, "The Future of Nuclear Power in the United States," *Technological Forecasting and Social Change*, vol. 40, no. 2, September 1991 pp. 151-164.

Week 8

Barry C. Smith, John F. Leimkuhler, and Ross M. Darrow, "Yield Management at American Airlines," *Interfaces*, vol. 22, no. 1, January-February 1992, pp. 8-31.

Week 9

Karen L. Katz, Blaire M. Larson, and Richard C. Larson, "Prescription for the Waiting-in-Line Blues: Entertain, Enlighten, and Engage," *Sloan Management Review*, Winter 1991, pp. 44-53.

Michael H. Rothkopf and Paul Rech, "Perspectives on Queues: Combining Queues is not Always Beneficial," *Operations Research*, vol. 35, no. 6, Nov. - Dec. 1987, pp. 906-909.

Week 10

John D. Sterman, "Modeling Managerial Behavior: Misperceptions of Feedback in a Dynamic Decision Making Experiment," *Management Science*, vol. 35, no. 3 (March 1989), pp. 321-339.

Jeffrey F. Rayport and John J. Sviokla, "Exploiting the Virtual Value Chain," *Harvard Business Review*, November-December 1995, pp. 75-85.

Michael J. Mandel & Robert D. Hof, "Rethinking the Internet", *Business Week*, March 26, 2001, pp. 42-61.

Linda C. Angell

Dr. Linda C. Angell currently serves as Strategy Support Manager for Regional Operations at Work and Income within the Ministry of Social Development, and as a Teaching Fellow at Victoria Management School. Previously, she was employed as Business Excellence Manager at Industrial Research Ltd. (2002 – 2004) and as Senior Lecturer in Operations Management at Victoria University of Wellington (2000 – 2002). Prior to joining VUW and moving to NZ, Linda was an Assistant Professor of Operations Management at the Pennsylvania State University. Prior to Penn State University, Dr. Angell was employed as a Programme Administrator for large defense-related research and development projects at BBN Systems and Technologies in Cambridge, Massachusetts. She's also held positions as Assistant Treasurer at Industrial Associates Inc., and as Financial Systems Manager at Wingate Capital Corporation, both firms located in the greater Boston area.

Linda teaches general operations management, service operations, quality management, and environmental management at the undergraduate, graduate, and executive programme levels. She has published in a variety of journals including: International Journal of Operations and Production Management (IJOPM), Journal of Operations Management (JOM), Production and Operations Management (POM), Research in Corporate Sustainability, Business Case Studies in Operations Management, Organization Studies (OS), Journal of Organizational Behaviour, and Small Group Research.

Dr. Angell served as guest editor for a special issue of the International Journal of Operations and Production Management (20:2, 2000). She is also a member of the Editorial Review Board for the Journal of Operations Management and the Decision Sciences Journal of Innovative Education, as well as the Editorial Board for the International Journal of Operations and Production Management. In 2001, she worked on an Environmental Protection Agency (EPA) Review Panel in Washington D.C., evaluating research proposals in the area of Corporate Environmental Behaviour. Most recently, Linda has served as a Team Leader and National Evaluator for the New Zealand Business Excellence Awards and Performance Excellence Study Awards, and as a Specialist Advisor for the Performance Based Research Fund and the Tertiary Education Commission.

Linda holds a Doctoral Degree in Business Administration (DBA) from Boston University, a Masters of Business Administration (MBA) with High Distinction from Babson College, and a Bachelor of Arts (BA) with Highest Distinction in Social Research and Analysis from the University of Massachusetts in Amherst. She received a Fulbright Scholarship for her dissertation research in Germany from 1992 through 1994. She is a member of several honour societies including the National Honour Society, Phi Beta Kappa, Beta Gamma Sigma, and Phi Kappa Phi.

Linda currently lives in Raumati Beach with her husband Rick, her two daughters Mintaka (11 years old) and Ankara (9 years old), and assorted cats and guppies.