

ISOM3740 Service Management

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Brief Outline

This course examines a range of concepts and methods in service management and their application to service organizations (organizations that predominantly produce services rather than goods). Topics include: service quality, service processes, service recovery and complaint management, managing people in service operations, revenue management, service capacity management, service improvement and several strategic issues in service management.

The course takes an operations viewpoint, examining the part of the organization where the services are designed, created and provided. The course focuses on the role and nature of service operations, the relationship of operations to other business functions, in particular marketing and human resources, and develops skills and provides techniques for the effective management of service operations.

Objectives

The aim of this course is to improve your understanding of the effective management of service organizations. On successful completion of this course, you will have:

- Become aware of important managerial issues in service operations
- Acquired knowledge about design and delivery of service within a variety of service organizations
- Become familiar with concepts and tools which can provide organizations with a competitive advantage through customer service and the effective management of resources
- Developed an ability to evaluate systems for the measurement and improvement of service operations
- Understood some of the interlinkages between operations, marketing, human resources and strategic management

Course Method

The course is taught by means of discussions, lectures, case study analysis, and group work.

Preparation in advance is required. If you choose to take this course, please ensure that you complete all the preparation for each session and that you attend all of the sessions.

Course Materials

- (1) Textbook: Service Operations Management – Improving Service Delivery, 3rd edition, Johnston and Clark, Prentice Hall, 2008.
- (2) Handouts distributed in class; and
- (3) Materials downloadable from the course website, <http://lmes.ust.hk>.

Venue and Time

Room LSK 1011, 13:30–14:50, Monday and 9:00 – 10:20 Friday.

Office Hours

I will be available for discussion outside class hours. You should feel free to call or email to arrange meetings. While I do not mind using the email, I prefer face-to-face or voice-to-voice communication, which is much more effective for discussion than emails.

Course Assessment

Class Attendance (10%), Class Participation (20%), 2 Group Assignments (16%), 1 Comprehensive Group Assignment (14%) and Final Exam (40%).

You are encouraged to do the group work in teams of up to five members.

I do not give additional projects to increase your grade before or after the exam. I do not give makeup exam because it is impossible to make an equivalent test.

Class Attendance

Attending class on time is a crucial component of business school education. In this course, class attendance counts 10% of the total. Teaching Assistant will randomly check the attendance record of 12 sessions during this course.

This course allows 2 sessions of “reasonable absence”. From the third absence, missing one additional session leads to a penalty of 3% of the total. Missing 6 sessions or above will automatically lead to a letter grade C, irrespective of the performance of other dimensions.

One could request a make-up assignment to compensate the class absence if the accumulated absence is less than 6 sessions.

Showing up 7 minutes after the scheduled class starting time will be counted as “absence”.

Class Participation

Students must be prepared for class and participate in the class discussions. Evaluation of student participation will be based substantially on the quality of a student's comments and particularly on their relevance to the topic under consideration.

Team Project

Each project counts 8% of the total, including both a written report (4%) and an in-class oral presentation (4%).

Only one submission per group is required. The written report for the two team projects should not exceed 3 pages after the cover page, and must be presented in 12 point Times New Roman font, 1.5-line space, with one inch (2.5 cm) top, bottom, right and left margins.

Grading Policy of Written Report

- 100/100: professional looking, well written, decent analysis without any logical error;
- 90/100: professional looking, well written, good analysis with minor issues to be clarified;
- 80/100: well written and edited, good analysis with major issues to be clarified;
- 70/100: poorly edited, no major language problem, analysis with obvious errors;
- 60/100: poorly written with major language problems, analysis with obvious errors.

An Excellent Service – Select a service that is “excellent” in your opinion. It should be a service which you know well, preferably one which you have personally experienced. Find out as much as you can about the way this service is delivered. Write a 2- or 3-page report explaining: (a) why you believe this to be an excellent service and what your criteria are for excellence (i.e., what do you mean by “excellent?”); (b) what management practices have enabled the firm to achieve the excellence in service; and (c) your suggestions for the firm to do even better and what difficulties need to be overcome, and how, in implementing your suggestions.

Give a 15 minutes presentation (Q&A included) to the class using PowerPoint. .

The written report for “An Excellent Service” Project is due at the midnight of September 30th. Please submit electronically to email address zhijianc@ust.hk. Submission of PPT is NOT mandatory.

Reference: Chapter 4 “Customer expectations and satisfactions” of Johnston and Clark (2008) , in particular section 4.6 (Excellent Service).

Service Guarantee – Design a new service guarantee (“new” means that it does not yet exist to the best of your knowledge). Please make sure that it is a new service guarantee, not a new service. Write a 3-page report about how you think it would work, its benefits, any difficulties in its implementation and how to counter those difficulties.

Produce a 10 minutes video presentation (instead of presenting in class) and post it on YouTube (choose “unlisted” in the privacy setting when uploading). Send the link of your video electronically to my email address zhijianc@ust.hk. Then all video links will be shared at course website.

The written report for “Service Guarantee” Project is due at the midnight of November 1st. Please submit electronically to email address zhijianc@ust.hk. Submission of PPT is NOT mandatory.

Reference: Chapter 12 (Driving Operational Improvement) of Johnston and Clark (2008).

COMPREHENSIVE GROUP ASSIGNMENT

This assignment is application-based and you need to select the organization to be studied and specify the focus of the project. The assignment is to: Critically analyze and evaluate a service operation using material from the course

Service operation – Select a service operation, not an industry or an organization. No two groups may select the same operation from the same organization.

Data – Your analysis should be based on data which may be gathered from survey work, interviews, discussions with customers or managers or staff, from your observations as a customer or employee, or from any secondary source that might be available. The data should be provided in an appendix. You should explain your methodology for data collection and analysis clearly in the body of the report.

Analyses – The core of the assignment is to analyze this data using tools, concepts or techniques provided in this course. The analysis of the data should be provided in the body of the report.

Evaluate – As a result of the analyses, what can you then say about the operation? What recommendations would you make about how to improve the operation? How robust or valid are your recommendations? What can you say about the tools or concepts you have applied?

Length – The report should not exceed 10 pages after the cover page, including appendices, bibliography, any tables, diagrams etc., and must be presented in 12 point Times New Roman font, 1.5-line space, with one inch (2.5 cm) top, bottom, right and left margins. This is a strict page limit: any pages subsequent to the tenth will not be marked. I am interested in depth and quality rather than verbosity, with an emphasis on analysis rather than simple reporting.

Success factors

Focus – Your report should focus on one aspect of managing the chosen operation and concentrate

on one or two topics from the course. Depth is more important than breadth.

Understanding – Your report should demonstrate an understanding of service and service issues, and familiarity with the course material.

Substantiation – The report should be underpinned by concepts/tools/frameworks you have learned in the course.

Insight – Your work must demonstrate critical evaluation and insight into the service operation.

Clarity and structure – The report should be well structured and clearly presented.

Give a 15 minutes presentation (Q&A included) to the class using PowerPoint.

The written report for “Comprehensive Group Assignment” is due at the midnight of November 23rd. Please submit electronically to email address zhijianc@ust.hk. Submission of PPT is NOT mandatory.

Course Program

Part One: Foundations

Session 1: Introduction (September 4th)

Required reading (after the session): Johnston and Clark Chapter 1 (Introduction to service operations management)

Session 2: Element of Service (September 7th)

Required preparation

Read the Sky Airways case in the course text, chapter 1 pp 35-37, and make notes on your answers to the following questions:

1. What problems does Peter Greenwood face?
2. Evaluate the options suggested by Angela, Christina, Justin and David.
3. If you were Peter Greenwood, what would you say to the board?

Part Two: Stakeholders Management in Service

Session 3: Customer Relationship, Service Quality (September 11st)

Required reading: (before the session): Johnston and Clark, chapter 3 (Customer and Supply Relationships)

Session 4: Understanding and Measuring Customer Satisfaction (September 14th)

Required preparation

Read the North County Breast Screening Unit in the course text, chapter 4 (Customer Expectations and Satisfactions) pp 140-143, and make notes on your answers to the following questions:

1. Analyze the differences in "Importance" of the two types of patients.
2. Analyze the differences in "Perceptions" of the two types of patients.
3. Identify the gaps between the screened patients' importance rating and their perceived quality level for each factor.
4. Identify the gaps between the diagnosed patients' importance rating and their perceived quality level for each factor.
5. Which of the three staff members best understood patient priorities?
6. What do your results tell you about improvement areas?
7. What recommendations would you make for improvement?

Required reading (before the session)

Johnston and Clark, chapter 4 (Customer Expectations and Satisfactions) pp 129-139

Session 5: Customer Behavior and Perception Management (September 18th)

Session 6: Managing Service People (September 21st)

Required reading (before the session)

Johnston and Clark, chapter 7 (Service people)

Required preparation

Read the Empress Hotel Group in the course text, chapter 7(Service people), pp 270-271, and make notes on your answer to the following question:

1. Why do the staff and managers appreciate the existence of procedures and routines? What are the disadvantages?
2. What suggestions can you make that would help Davina encourage the staff to become warmer and more spontaneous when dealing with customers?

Session 7: Service Culture (September 25th)

Case: The Haidilao Company (Harvard)

Session 8&9: Student Presentation on "An Excellent Service" (October 2nd and October 5th)

Part Three: Managing and Designing Service Delivery Process

Session 10: Managing Service Process and Service Capacity (October 9th)

Required reading (before the session) : Johnston and Clark, the whole chapter 8 (Resource utilization)

Required preparation:

Read the Medi-Call Personal Alarm Systems Ltd in the course text, chapter 8 (Resource utilization) pp 307-308, and think about the questions listed at the end.

Session 11&12: Queue and Waiting Time Management (October 12nd and October 16th)

Session 13: Improving Service Process (October 19th)

Case: Capital One case (Wharton)

Session 14: Service Recovery and Service Guarantee (October 23rd)

REQUIRED READING (before the session): Johnston and Clark, chapter 12 (driving operational improvement)

Session 15&16: Revenue Management (October 26th and October 30th)

Session 17: Video Presentation on “Service Guarantee” (November 2nd)

Part Four: Strategic Issues in Service Management

Session 18: Focused Service (November 6th)

Case: Shouldice Hospital

Required reading: (before the session): Johnston and Clark, chapter 2 (the service concept)

Session 19: Globalization of Service (November 9th)

Article: Honeycutt et. al. (2012) Solutions for customer complaints about offshoring and outsourcing services, *Business Horizons*. Volume 55, Issue 1, Pages 33–42

Session 20: Service Innovation (November 13rd)

Article: Chesbrough (2011) Bringing Open Innovation to Services, *Sloan Management Review*, Volume 52, No. 2, pp. 85-90

Session 21&22 Business Model Innovation (November 16th and 20th)

Case: From blockbuster to video on demand (INSEAD)

Session 23&24 Student Presentation on “Comprehensive Group Assignment” (November 23rd and 27th)

Part Five: Course Review

Session 25: Course Review (November 30th)