

Service Management

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Textbook

Fitzsimmons and Fitzsimmons, “**Service Management**”,
8th or 9th edition, McGraw-Hill. 第8版中文譯本 (華泰)

Reference

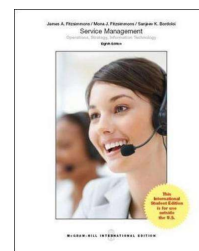
Cachon and Terwiesch, “Matching Supply with Demand”, 3rd edition, McGraw-Hill.

Reading

Case studies and articles

Software

Excel



Tentative Course Outline

- 1 Introduction
- 2,3 Service Strategy and Service Development
- 4 Service Encounter
- 5 Process Flows
- 6 Service Quality
- 11 Managing Capacity and Demand
- 12,13 Managing Waiting Lines
- 15 Managing Service Inventory
- 10 Globalization

Grading

Case Study Presentation	30%
Homework	30%
Final Exam	30%
Participation	10%



No Social Media, No Plagiarism, No Cheating

Case Studies for Previous Reports

Loan Processing at Capital One — Process Improvement 貸款流程改善

Ritz-Carlton — Hiring and Training 企業文化與招募

Alaska Airline — Service Quality 航空業服務品質

Restaurant Kazu — Managing Waiting Lines 餐廳等候線管理

Which Products Should You Stock? — 零售業進貨問題

London Olympic Game — Revenue Management 營收管理

HW and Exam Problems

RESTAURANT KAZU: MANAGING RESTAURANT CONGESTION

It was 10:30 p.m. on a Saturday night in June 2018 when Kazuo Akutsu, the owner and chef of Restaurant Kazu (Kazu), in Montreal, Quebec, was finally able to sit down at the bar and take a long sip of his beer. The restaurant had closed the bill on the last table just a few minutes earlier. Although the restaurant's closing time had already passed, the small establishment was still filled with customers in the dining area and many more in the foyer. The same scene, even more crowded, had been evident throughout the evening, since the restaurant had opened at 5:30 p.m.

HW1. Develop a service blueprint or a flow chart and identify the bottleneck of the service process. 利用服務藍圖找出流程瓶頸

HW2. Were the long waiting lines discouraging customers? Do you think balking customers pose a major concern for Kazu? Use Exhibit 5 to support your reasoning. 根據營業數據分析等候問題對業績的影響

Final Exam: Are long waiting lines bad for Kazu? Analyze positive and negative impacts on the business. 等候時間長的優缺點

What is Service?

Tangible or intangible? 無形

Customer involvement? 顧客參與

Standardization or customization? 客製化

Human or machine processing? 自助服務

Inventory and leftover? 無法庫存



A service is a time-perishable, intangible experience performed for a customer acting in the role of co-producer.

Moving to Experience Economy

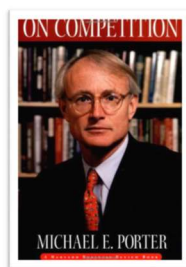
Economy	Agrarian	Industrial	Service	Experience	
Economic Offering	Food	Packaged goods	Commodity service	Consumer services	Business services
Function	Extract	Make	Deliver	Stage	Co-create
Nature	Fungible	Tangible	Intangible	Memorable	Effectual
Attribute	Natural	Standardized	Customized	Personal	Growth
Method of Supply	Stored in bulk	Inventoried	Delivered on demand	Revealed over time	Sustained over time
Seller	Trader	Producer	Provider	Stager	Collaborator
Buyer	Market	Customer	Client	Guest	Collaborator
Expectation	Quantity	Features	Benefits	Sensations	Capability

Services: Nontransferrable Ownership 短期租用

Type of Service	Customer value	Examples
Goods rental	Obtain temporary right to exclusive use	Vehicles, tools, furniture, equipment
Place and space rental	Obtain exclusive use of defined portion of a larger space	Hotel room, seat on airplane, storage unit
Labor and expertise	Hire other people to do a job	Car repair, surgery, management consulting
Physical facility usage	Gain admission to a facility for a period of time	Theme park, camp ground, physical fitness gym
Network usage	Gain access to participate	Electric utility, cell phone, internet

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How Can OM Improve a Service?



Cost, Differentiation, Focus

- ❑ Low Cost with Same Quality?
- ❑ Fast Delivery with Same ...?
- ❑ Quality Service with Same ...?
- ❑ Better Selection with Same ...?
- ❑ More Revenue with Same ...?

Cost vs. Variety vs. Time vs. Quality



Process Improvement



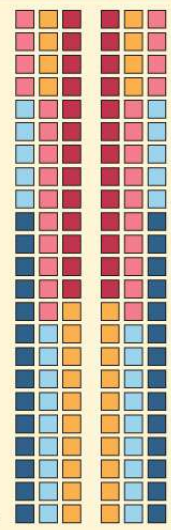
[Service Queuing Explained in Words and Pictures](#)

Creating Order

America West's reverse pyramid system boards coach-class passengers in back-row window seats first.

Order of boarding

■ First ■ Last



Source: Interfaces, May/June 2005, p. 194.

Service Encounter and Service Quality



- On April 9, 2017, O'Hare airport police forcibly removed a passenger from the aircraft, after he refused to give up his seat to make room for four airline employees who needed to travel to the destination.

Managing Capacity and Demand

- The Park Hyatt Hotel has 118 rooms.
- Regular fare is **\$225** targeting business travelers.
- Empty rooms do not create any profit.
- Hyatt offers **\$159** discount fare for a mid-week stay targeting leisure travelers.



Choice 1: Accept low fare reservations without any limit.

Choice 2: Do not accept low fare reservation. Hope that high fare customers will eventually show up.

Waiting Lines and Perceived Wait Times

Server-Related Factors

- ❑ Passive vs. active waits
- ❑ Unfair vs. fair waits
- ❑ Uncomfortable vs. comfortable waits
- ❑ Unexplained vs. explained waits
- ❑ Unproductive vs. Productive waits

Customer-Related Factors

- ❑ Solo versus group waits
- ❑ Waits for more valuable versus less valuable services
- ❑ Customer's own tolerance



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Business Growth & Expansion

Participation: Need to be near customers

Simultaneity: Inability to transport services

	Single Service	Multiservice
Single Location	<i>Focused service:</i> <ul style="list-style-type: none"> • Dental practice • Retail store • Family restaurant 	<i>Clustered service:</i> <ul style="list-style-type: none"> • Stanford University • Mayo Clinic • USAA Insurance
Multisite	<i>Focused network:</i> <ul style="list-style-type: none"> • Federal Express • McDonald's • Red Roof Inns 	<i>Diversified network:</i> <ul style="list-style-type: none"> • NationsBank • American Express • Accenture

Epilogue: Operation is Heart of Service

- ❑ This is **NOT** about service marketing. 服務行銷
- ❑ Service Managers need to perform and make decisions in all functions.
- ❑ Operations account for 60 to 80% of the direct expenses that burden a firm's profit. 營運成本高
- ❑ Service operations directly affect customers and are essential to the competitiveness of the business.
營運能力=競爭力

