

Service Operations Management (SOM)

Service Design

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3Ts of a Service Provider

- How the following are managed determines the success of the Service Design

3Ts of
Service
Design

Tasks

Treatment

Tangibles

3Ts of a Service Provider

- **Tasks: Comprise of Processes**
 - The steps/actions required to accomplish the service
 - Divergence v/s complexity
- **Tangibles:**
 - Consists of elements that can be experienced through five senses
 - Used for mistake proofing, checklist etc
- **Treatment: Softer side of service**
 - Empathy, attitude, smiles etc: Hiring the right people

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Service design elements

- **Structural**
 - Delivery system, Facility design, Location
 - Servicescapes
 - Capacity planning
 - Queuing models
- **Managerial**
 - Service quality management
 - Managing supply and demand
 - Yield management, demand steering
 - Managing the service encounter
 - Degree and nature of interaction between customer and server
 - Information: and how you use it!

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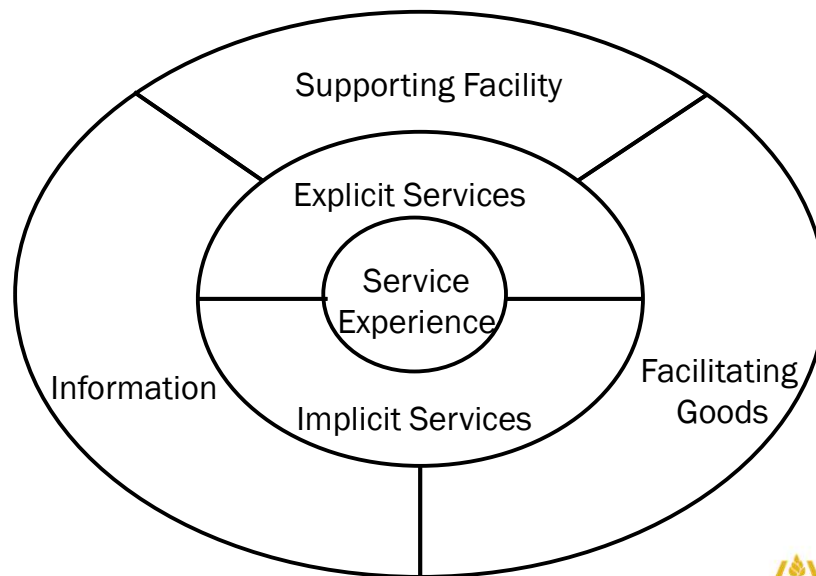
The Service Package

- **Supporting Facility:** The physical resources that must be in place before a service can be sold. Examples are golf course, ski lift, hospital, airplane.
- **Facilitating Goods:** The material consumed by the buyer or items provided by the consumer. Examples are food items, legal documents, golf clubs, medical history.
- **Information:** Operations data or information that is provided by the customer to enable efficient and customized service. Examples are patient medical records, seats available on a flight, customer preferences, location of customer to dispatch a taxi.

The Service Package (cont.)

- **Explicit Services:** Benefits readily observable by the senses. The essential or intrinsic features. Examples are quality of meal, attitude of the waiter, on-time departure.
- **Implicit Services:** Psychological benefits or extrinsic features which the consumer may sense only vaguely. Examples are privacy of loan office, security of a well lighted parking lot.
- **Peripheral/Ancillary services and their service packages!**

The Service Package



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Things a service business must get right

- Service Offering
 - Determine how customers define “excellence”
 - Identify what you’ll do to deliver that excellence
 - And what you won’t do!
- Funding Mechanism
 - Think about how you’ll pay for the increased cost of the excellence you’re seeking to provide through your service offering

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Things a service business must get right

- Employee Management
 - Ensure that your workforce management activities empower employees to deliver the excellence embodied in your service offering
- Customer Management
 - Articulate which behaviors customers must demonstrate to get the most value from your service. Then design your service specifically to foster those behaviors

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Strategic Positioning through Process Structure



Degree of Complexity: The number and intricacy of steps, e.g., fast-food take-out is less complex than preparation of gourmet dinner at fine restaurant



Degree of Divergence: Amount of discretion or freedom that the server has to customize the service, e.g., the activities of an attorney contrasted with those of a paralegal

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Generic Approaches to Service System Design

Production-Line Approach

- Limited Discretionary Action of Personnel
- Division of Labor
- Substitution of Technology for People
- Service Standardization

Customer as Coproducer

- Self-Service
- Smoothing Service Demand
- Customer-Generated Content

Customer Contact Approach

- Degree of Customer Contact
- Separation of High- and Low-Contact Operations
- Sales Opportunity and Service Delivery Options

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Structural Alternatives for a Restaurant

Lower Complexity/Divergence	Current Process	Higher Complexity/Divergence
No reservations	Take reservations	Specific table selection
Self-seating; menu on blackboard	Seat guests; give menus	Recite menu; describe entrées and specials
Self-serve water	Serve water and bread	Assortment of hot breads and hors d'oeuvres
Customer fills out form	Take orders	At table; taken personally by maitre d'
Pre-prepared; no choice	Salad bar	Salad (4 choices)
Limit entrée to 4 choices	Entrée (6 choices)	Expand to 10 choices; add flaming dishes; bone fish at table
Sundae bar; self-service	Dessert (6 choices)	Expand to 12 choices
Coffee, tea, milk only	Beverage (6 choices)	Add exotic coffees, wine list, liqueurs
Serve salad and entrée together; bill and beverage together	Serve orders	Separate-course service; sorbet between courses; hand-grind pepper
Cash only; pay when leaving	Cash or credit card	Choice of payment, including house accounts; serve mints

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