**BADM 395 – Service Operations Management**

**Spring 2021**

**Instructor:** Venkat Venkateswaran, Clinical Associate Professor, Business Administration

**Office Location:** Online

**Email:** [vv11@illinois.edu](mailto:vv11@illinois.edu)

**Office Hours:** TBA,Zoom login details on course website on Compass

**Class Details:** TBA.

**Introduction**

The tertiary sector or the “services sector” contributes about 70% of the gross domestic product of the US economy. This sector also provides employment to 80% of the working population. This course, Service Operations Management, examines the firms in the services sector. Differentiating a service from a product on dimensions, such as, intangibility, perishability, involvement and participation of the customer in the production or delivery of service, this course focuses on the structural and infrastructural aspects of managing service operations. Specifically, we will consider service delivery, service encounter, service quality and management of capacity and demand. Using a blend of cases, selected book chapters and articles from the business press and academic research, this course will explore these aspects in diverse service industries such as financial services, hospitality, retail and healthcare.

**COURSE OBJECTIVES**

1. To study "breakthrough" services in order to understand the operations of successful

service firms that can be benchmarks for future management practice.

2. To develop an understanding of the "state of the art" of service management thinking.

3. To develop an awareness of the opportunities that information technology can have for

enhancing competitiveness of service firms.

4. To appreciate the organizational significance of managing the service encounter to achieve internal and external customer satisfaction.

5. To understand the dimensions of service growth and expansion both domestically and

internationally.

6. To gain an appreciation of the complexities associated with implementing change.

7. To appreciate the entrepreneurial opportunities in services.

**COURSE MATERIALS**

Course Pack available from the Harvard website which includes all cases used in this

course: http://cb.hbsp.harvard.edu/XXXXXX

**CASE METHOD**

The case method is used throughout the course. Study questions on each assigned case are provided below. These questions should serve as a starting point with additional insights being welcomed. All class members are expected to have read the case and reflected upon the assigned questions. Furthermore, class members should attempt to apply concepts from the lectures and assigned readings to their analysis of the cases.

**GRADING**

Your course grade will be based on the following team and individual activities and weights:

Class Participation and Quiz 20.00% (Individual)

2 Case Briefs 30.00% (Individual)

Group Project 1: Case Analyses 20.00% (Group)

Group Project 2: Walk-through Audit 30.00% (Group)

**CLASS PARTICIPATION and Quizes – 20%**

This course itself is an example of service operations where co-production is required among the students and the instructor for a high quality service delivery. Therefore, to stimulate a rich class environment over Zoom, it is important to come prepared for the class. Active participation is expected throughout the entire class with thoughtful contributions to advance the quality of the discussion.

**2 CASE BRIEFS – 30%**

Each of you is expected to turn in two individual case briefs for specifically identified cases – (a) Orthopedic Clinic and (b) a case that I will distribute in class as wrap-up work.

These should be limited to two single-spaced pages of text (no less than 10-point type, one inch margins), plus where necessary up to three additional pages of calculations, charts, diagrams, or graphs. Please note that all calculations and figures must be clearly labeled and referenced in the body of the case brief. You can summarize key points with bullets, however the substance of your logic and analysis must be clearly spelled out**. Please name the file after yourself and also list your name in the header within the file itself.**

A suggested format for case brief is as follows:

􀁸 An overview of the major issues

􀁸 A brief description of the service concept and offering

􀁸 Assumptions (as needed) to the analysis

􀁸 Analysis

􀁸 Recommended action plan

􀁸 Appendices (as needed)

**GROUP PROJECT 1: Case Analyses – 20%**

An important element of this class is teamwork. You are to form your own team of no more

than 4 students. Each team will be responsible for preparing a case analysis that includes

leading the case discussion and handing in the written analysis of the case.

**FACILITATING CASE DISCUSSION**

By the end of the second day, your team will need to select one case for your team to lead the class in its analysis. Facilitating a case discussion is not presenting a complete analysis of the case but rather leading the class in the case analysis. This requires the team to stimulate interest and draw out insights and ideas from the class, creating active participation of class members who are expected to have read the case and thought about the assigned questions. Often the case discussion begins with a brief overview of the firm. Discussions of the assigned questions are facilitated using an outline or bullet form with inputs provided by the students. As a group, we will try to build a complete analysis of the situation and address the problems arising in the case applying the framework presented in the readings for the session. At the conclusion of the case discussion, the instructor will summarize the takeaways. Please plan for a presentation taking 40-45 minutes.

**WRITTEN ANALYSIS OF CASES**

The written analysis will address the case questions. I will be evaluating your papers using the attached “grading” template with particular attention paid to your application of course reading material and concepts to the case. The assigned questions for a case are shown below. At a minimum these questions must be addressed in the written analysis. Creative thinking that goes beyond will be rewarded.

Additional notes:

1. Papers should be printed, double-spaced, with normal margins. The name of the case should appear on the first page of the text with your names, date, and course number. A summary is not required nor expected.

2. The page limit for each paper is five pages of text, plus exhibits. Papers should be concise and coherent.

3. Exhibits should contain supporting analysis and information that may be too detailed for inclusion in the main body of the report.

4. Please proofread/spell check your paper before turning it in. Papers for this course should be of the same quality that you would provide to the management of the business.

5. Submit your paper by email to me.

**GROUP PROJECT 2: Blueprinting and Design Improvement for Social Distancing**

Each group will conduct a service project consisting of blueprinting a service and recommending design changes toward social distancing. This will involve the selection of a service to examine (e.g. a restaurant, grocery store). The group will then prepare a service blueprint of the service based on perhaps limited observations (where possible) and online research. Then the group will propose design improvements keeping in mind service design principles and economics. A comprehensive critique of the proposed changes is required, detailing weaknesses, potential problems, how they might be addressed, quality metrics and a pilot design for roll-out.

**Assigned Case Questions**

**1. Westin Hotels and Resorts**

1. Linking the case to the HBR article by Pine and Gilmore on the experience economy, what

elements of the HBR article are in the Westin case?

2. How is the Westin Hotel and Resorts performing in the competitive landscape?

3. Why was Westin Hotel and Resorts constantly involved in the service culture “renewal”?

What are the opportunities and threats of such a service strategy?

4. How does Westin deliver experience in their properties around the world?

**2. Innovation at Progressive (A): Pay-As-You-Go Insurance**

1. How does Progressive's performance as an auto insurer compare to that of typical insurance

companies? How has its performance changed over time? What explains the difference in

performance?

2. Customers of auto insurers are very price sensitive. How problematic is it to Progressive that

customers almost always select the insurer that offers the best price?

3. Compare Progressive approach to other product development systems. What are the

differences? What are the similarities? Does it matter if it is a product or service that is being

developed?

4. Assess the viability of the Autograph system. What level of consumer acceptance will it take

to make Autograph successful? What are the barriers to consumer acceptance? Should

Autograph be expanded nationwide?

**3. Ritz-Carlton**

1. “Service” can be an elusive concept. What is the essence of The Ritz-Carlton experience?

What is The Ritz-Carlton selling?

2. How does The Ritz-Carlton create “Ladies and Gentlemen” in only7 days? What systems and

processes produce (or contribute to) a successful service operating system in just seven days?

3. In what may be a first for the hospitality industry, Brian Collins, hotel owner, has asked

James McBride, Ritz-Carlton manager, to lengthen the amount of time spent training hotel

employees before hotel opening. Should McBride lengthen the 7 Day Countdown? Why or

why not? Or, what are the benefits and costs of extending the countdown?

4. Or, is this the time that McBride should consider a total overhaul of the hotel opening

process? If yes, what should he change, and how should he go about doing it? What’s

different about experimenting in a service business?

5. Assume Collins prevails; how do you extend training or what changes might be made to

accommodate a much faster ramp-up to the 80% occupancy level?

**4. DAV**

1. If you had 5 minutes to explain the concept of a p-chart to a group of bank tellers without a

background in SPC, how would you do it?

2. Why is DAV using SPC? What are the primary challenges in applying Statistical Process

Control to a service industry compared with manufacturing?

3. Why is DAV implementing SPC at this point in time?

4. The first 12 weeks of data in Exhibit 4 represent the diagnostic period for the Policy

Extension Group. What are the 3-sigma control limits for the process? In which (if any) of the

subsequent weeks is the process out of control?

5. Develop specific plans for solving the problems facing Annette Kluck that are described on

pages 8-9 of the case under “Measurement Challenges”

6. How would now DAV begin improving the performance of the operation?

**5. eBay**

1. How would you characterize the service eBay provides?

2. What role do customers play as a co-producer in providing this service?

3. If you were providing an outline to senior management at eBay what needs of buyers and

sellers would you highlight?

4. Given the details in the case, how successful is eBay?

a. Who do you consider its competition?

b. Using what metrics can you compare eBay with its competitors?

5. What are the key threats to its success in the service delivery model going forward?

**6. Northwest Airlines and the Detroit Snowstorm**

1. Why all this fuss? (The situation resulted in at least four WSJ articles, involvement of a U.S.

Congressman, investigation by the Department of Transportation, lawsuits.)

a. How bad was this situation?

b. How much of what went wrong was inconvenience, how much was safety, how much

was hygiene—and how bad was each component?

2. Exactly what occurred?

3. Did this have to happen? What could NWA have done differently?

4. What should NWA do about this situation?

5. Who is responsible, and why? Was the cause of this situation an “act of God” (the weather) or

some organization? If an organization was responsible, which was it?

6. What are the implications of all of the above? (What can the whole episode mean for NWA in

the short and long term?). Linking to Tax and Brown article, link what did NWA attempt to

offer in terms of distributive, interactional and procedural justice?

**7. Atlanta Symphony Orchestra**

1. What three “keywords” characterize the Atlanta Symphony-Orchestra’s-(ASO) management

model? Why?

2. What is your assessment of the ASO’s service offerings?

3. Has the ASO taken the appropriate approach to broaden and enhance the concert experience?

What are the pros and cons of this approach?

4. In the position of John Sparrow what would you do and why?

Schedule

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| Day | Topic |
| 1 | Introduction  Reading: posted to Compass |
| 2 | Lecture: Introduction  Readings: papers posted to Compass |
| 3 | Lecture: Nature of Services  Readings: papers posted to Compass |
| 4 | **Case: Westin Hotel and Resorts**  Assignment: Answer case questions; submit to Compass |
| 5 | The Service Redesign methodology |
| 6 | Lecture: New Service Development  Readings: posted to Compass |
| 7 | Lecture: Service Quality  Reading: posted to Compass |
| 8 | **Case: Innovation at Progressive**  Assignment: Answer case questions; submit to Compass |
| 9 | Lecture: Capacity and Process Analysis 1  Reading: posted to Compass |
| 10 | Submit Project 2 proposal  **Case: Ritz Carlton**  Assignment: Answer case questions; submit to Compass |
| 11 | Lecture: Capacity and Process Analysis 2  Reading: posted to Compass |
| 12 | Guest Speaker: To be finalized |
| 13 | Submit Case Brief 1 to Compass  **Case Brief 1: Orthopedic Clinic discussion** |
| 14 | Lecture: Managing Capacity and Demand  Midterm Quiz |
| 15 | Lecture: Statistical Process Control (SPC)  Reading: posted to Compass  Submit WtA survey plans |
| 16 | **Case: DAV (Deutsche Allgemeinversicherung)**  Assignment: Answer case questions; submit to Compass |
| 17 | **Case: Atlanta Symphony Orchestra**  Assignment: Answer case questions; submit to Compass  Guest Speaker: John Sparrow Talk (Zoom) |
| 18 | Lecture: Technology Based Delivery  Readings: posted to Compass |
| 19 | **Case: eBay**  Assignment: Answer case questions; submit to Compass |
| 20 | Project 2 individual group meetings |
| 21 | Lecture: Service Failures and Service Recovery  Readings: posted to Compass |
| 22 | **Case: Northwest Airlines**  Assignment: Answer case questions; submit to Compass |
| 23 | Lecture: Service Profit Chain  Reading: posted to Compass |
| 24 | Lecture: Service Facility Location |
| 25 | Course Review and Wrap-up  **Case Brief 2** handed out |
| 26 | Project 2 presentations |
| 27 | Submit Case Brief 2 to Compass |