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ECONOMICS & MANAGEMENT

Service Operations Management

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Objectives

1. Highlight the importance of conducting more research in Service Operations - in both manufacturing and service organisations
2. Reflect on how OM as a discipline can contribute to the research and practice of Service Management

Agenda

Importance of service operations

Importance of conducting service research

How can OM contribute?

Illustration from my research on Multi-Channel Services

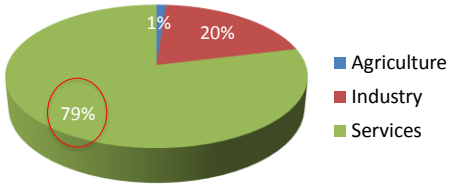
Emerging topics in Service Operations Management and opportunities for research

● Importance of Service Operations

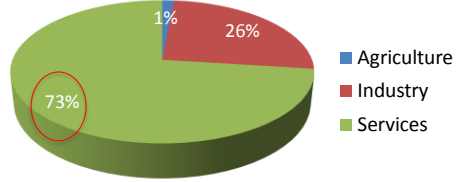
Services in the Economy

(value added, % GDP; World Bank)

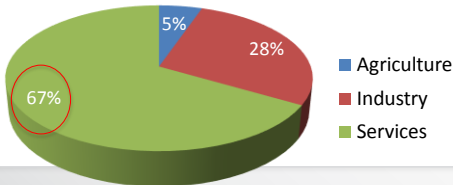
United States | 2010



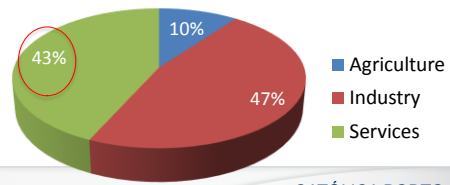
European Union | 2010



Brasil | 2010

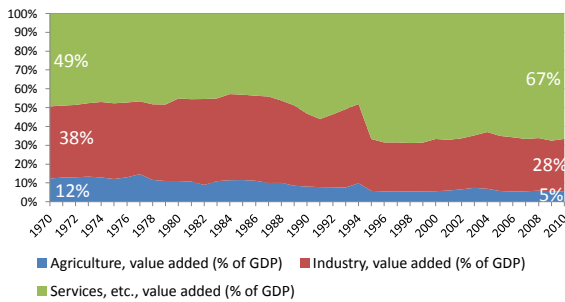


China | 2010

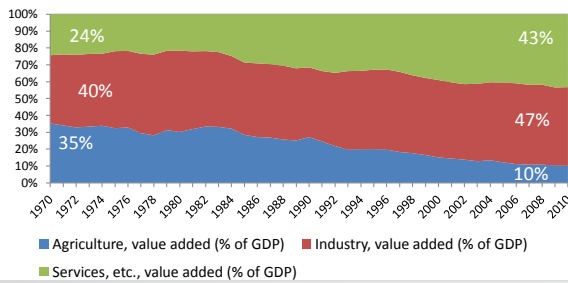


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Brasil



China



“Even countries that have historically focused on manufacturing are experiencing rapid service growth.”
Ostrom et al. 2010

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Drivers of growth

- General growth in the service sector
- Servitization of manufacturing, performance-based contracts (Neely, 2008)
 - Ex: Rolls Royce “Power by the Hour”



The frontier between products and services, as well as between manufacturing and service operations is becoming increasingly blurred

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Wine in BG - A production process...



but also a service experience...



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“There are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. **Everybody is in service.**” (Levitt 1972: 41, *HBR*)

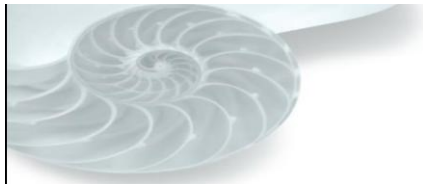
- Unified Service Theory (Sampson and Froehle, 2006)
- Service Dominant Logic (Vargo and Lusch, 2004)



“You the guy who ordered the ‘Breakfast Special’?”

Importance of Conducting Service Research

Businesses have room for improvement in how they manage services



Global Customer Service Barometer 2010 Findings in the United States

A research report prepared for:



echo
GLOBAL RESEARCH PROTECTING BRANDS AND REPUTATION

- 61% of consumers say that good customer service has become 'more important' to them in the current economy.
- Despite this, more than half (55%) of consumers believe that in the current economy, businesses 'have not changed their attitude towards customer service' (27%) and even 'pay less attention to providing good customer service' (28%).

Random sample of 1000 consumers aged 18+.

Businesses have room for improvement in how they manage services

A recent survey by Bain & Co. of 362 companies, across several industries, and their customers found that 80% of the senior executives interviewed said they provided a superior customer experience, but just 8% of their customers agreed.

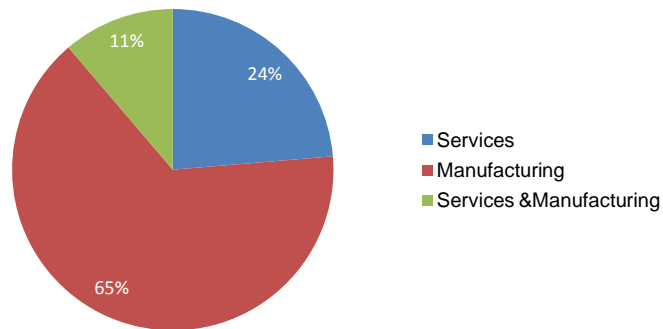


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HARVARD BUSINESS REVIEW

OM research in Services has lagged the economy and other disciplines

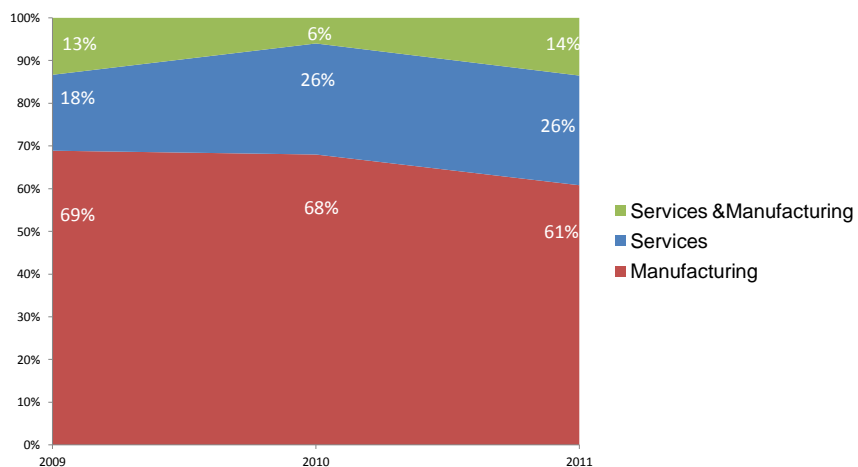
Papers published in JOM and IJOPM in 2009-2011



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But there has been a slight increase in Service research in recent years

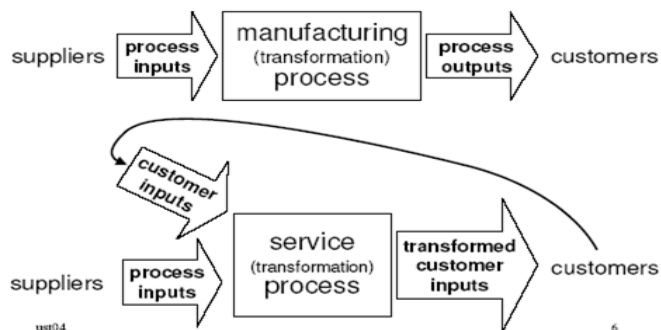
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How can OM contribute?

Process-view of services



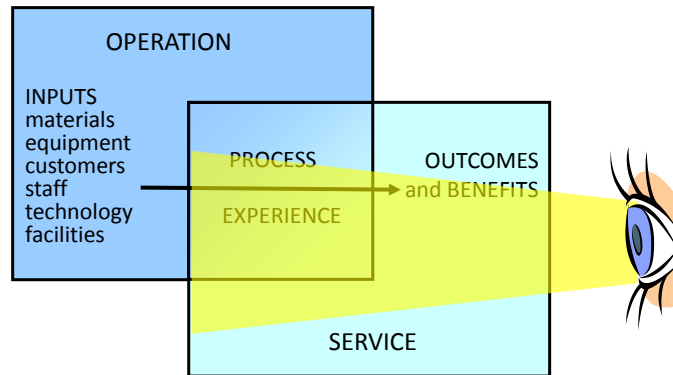
Sampson, Scott (2010), "The Unified Service Theory: A paradigm for Service Science", Handbook of Service Science, Volume 1, Pages 107-131, Springer, New York, P. P. Maglio, C. Kieliszewski, and J. C. Spohrer, 2010.

Types of customer inputs (Wemmerlov, 1990):

Customer's self - Ex: Hospitals **Information** - Ex: Banks **Goods** - Ex: Car Repair

Customer inputs are the root cause of the unique issues and challenges of services management

Understanding the customer perspective/experience



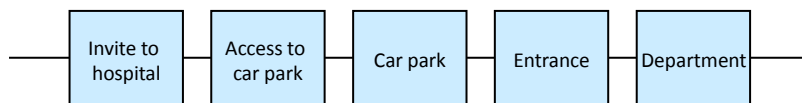
Bob Johnston, EurOMA 2010. Adapted from Johnston and Clark 2008

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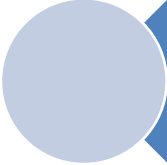
Need to effectively design and deliver the customer experience

Ex: Customer Journey Mapping

The process of capturing the series of touch points that customers encounter during a service or set of services.



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Illustration

Research in the Design of Multi-Channel Service Delivery Systems

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A framework for the design of front-office processes in multichannel service delivery systems

Marketing views channels as means to sell/distribute services

OM views channels as means to deliver (produce) services to the customer

How can we approach the design of Multi-Channel service delivery systems from a process view and incorporate the customer perspective?

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Background

- Strong growth of services provided through multiple channels
 - [Pizza Hut example](#)
- Service firms have been adopting very diverse Multi-Channel delivery models
 - The definition of a specific model has become a matter of strategic choice
- We are still faced with a paucity of concepts and tools to understand the myriad of possible choices for front-office delivery models (Ostrom et al, 2010)
 - Specifically, we lack operational dimensions to empirically measure, characterize and objectively distinguish between different delivery models

Emergence of Multi-Channel Services

- [Pizza Hut example](#)
- Main drivers:
 - Reduce cost
 - Improve customer experience
 - Extend market reach
 - Offer choice and convenience to customers
 - Improve communication with customers

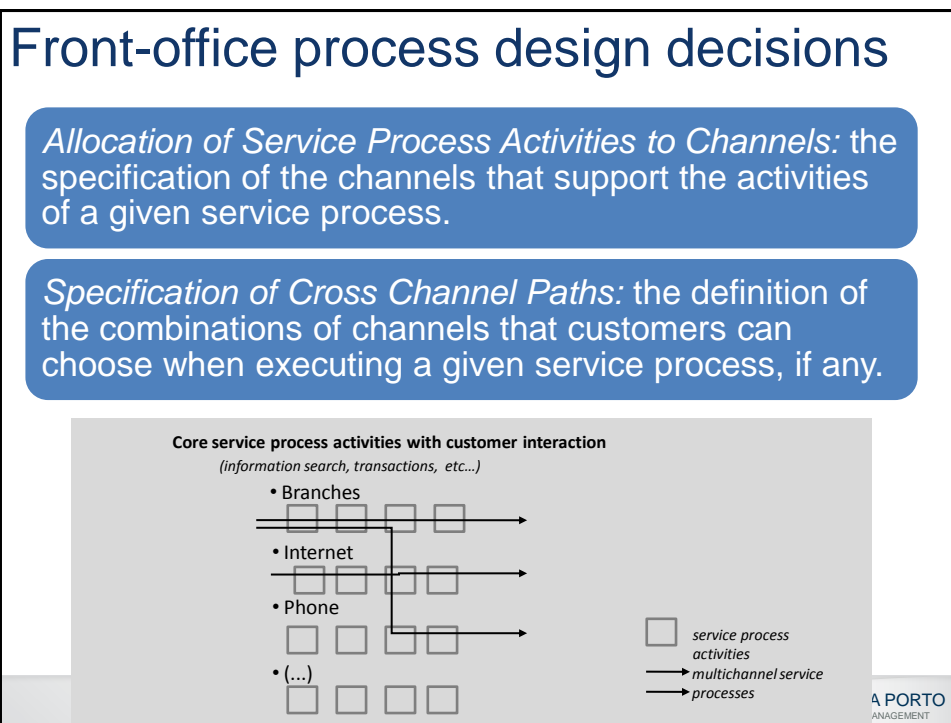
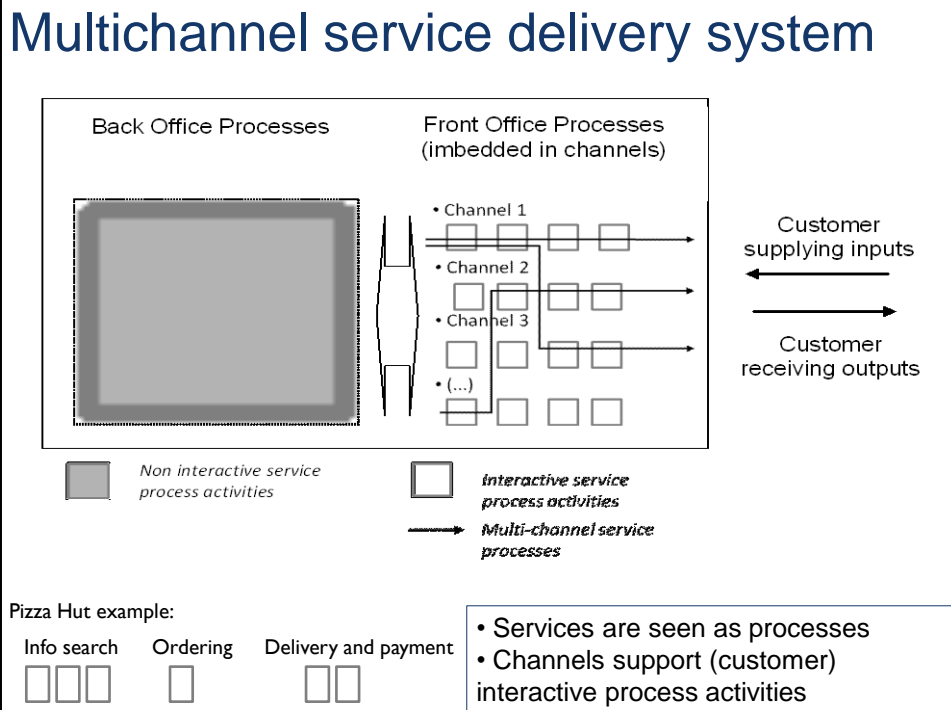


Objectives of the research

- Develop a framework to provide a structured understanding of the diversity of operational design choices for front-office processes in Multi-Channel Delivery Systems.
- O1) Develop operations-based dimensions to characterize in an objective (quantifiable) fashion the large diversity of Multi-Channel front-office delivery models that may be adopted.
- O2) Propose a preliminary, operations-based, classification of Multi-Channel front-office delivery models.

Methodology

- Deductive theory development
- Empirical grounding in in-depth case studies of Multi-Channel services (retail banking and telecom) and publicly available illustrations of Multi-Channel Service Delivery Systems.



Emerging topics and opportunities for research

Emerging Topics in Service Management/Operations

- Service Science
- Service Design
 - Ex: Can we employ modular services to achieve mass customization in services?
- Service Innovation
 - Ex: User-led innovation (users as key sources of innovation)
- Multi-Channel Services
- Impact of Social Networks and New Technologies
 - Ex: Cloud computing, Big Data
- Lean Services
 - Ex: Application of lean to customer flows
- Service Supply Chains/Networks
- B2B Services
- Servitization of Manufacturing
 - Ex: What business and organizational models should be adopted to support a servitized offer?
 - Ex: How can incumbent "manufacturing" firms manage service innovations?

Emerging Topics in Service Management/Operations



- Sustainable Development and Social Responsibility
This year's ENEGEP theme.
 - Innovative social services
 - Environmental impact of service operations
 - Ex: What is the carbon footprint impact of online service delivery?
 - Ex: Some service industries may have significant environmental impacts (transportation, tourism)

Conclusions

There are many opportunities for high impact research in Service Operations

A personal outlook on Brasil:

- There are many highly innovative services, not found elsewhere:
 - Brasil's program of using lottery outlets, post offices and small retailers to distribute financial products in places too small for bank branches pioneers a way to bring key services to economically underdeveloped areas (Assunção, J., (2012), "Eliminating entry barriers for the provision of banking services: Evidence from 'banking correspondents' in Brazil", PUC-Rio).
- Quality of face-to-face interactions in Brazilian services is generally excellent. What can we learn from this?
- Growth of services is expected to increase in the coming years.

The design and management of exciting new services in Brasil will bring interesting OM challenges



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Obrigado

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