

SERVICES SCIENCE AND SERVICE OPERATIONAL MANAGEMENT

UNIT 01

LECTURE 02

01 Service – Definition

1.8	Service Operations
1.9	Open System View of Service Operations
1.10	Service Package
1.11	Strategic Service Vision
1.12	Competitive Service Strategies
1.13	Strategic Analysis
1.14	Sustainability in Services
1.15	Competitive Role of Information in Services

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21MGH402T SERVICES SCIENCE AND SERVICE OPERATIONS MANAGEMENT SYLLABUS

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Unit-1 - Service – Definition	9 Hour
<i>Characteristics, Stages of economic development, Role of services in economy, Experience economy, Service science, Service dominant logic, Service systems, Service operations, Open system view of service operations, Service package, Strategic service vision, Competitive service strategies, Strategic analysis, Sustainability in services, Competitive role of information in services</i>	
Unit-2 - New Service Development	9 Hour
<i>Innovation in services, Service blueprinting, Service process design, Service system design, Service facility design and layout, Strategic location considerations, Service process analysis, Service encounter triad - Service organization, Contact personnel and Customer, Service profit chain, Technology in service encounter</i>	
Unit-3 - Service Quality Dimensions	9 Hour
<i>Measuring service quality – SERVQUAL gap model, walk through audit, Service quality by design, achieving service quality, Quality and productivity improvement process, Quality tools, Benchmarking, Improvement programs</i>	
Unit-4 - Strategies	9 Hour
<i>Strategies for managing service demand and service capacity, Forecasting service demand, Forecasting models – Subjective models, Causal models and Time-series models, Yield management and its application, Queuing systems, Essential features of queuing systems</i>	
Unit-5 - Managing Service Projects	9 Hour
<i>Characteristics of project, Project management – Principles, Process, and Building team, Selecting the project manager, Roles and responsibilities of project manager, Techniques for project management – PERT, CPM and Gantt charts, Monitoring project performance, Globalization of services, Global service strategies, Domestic growth and expansion strategies, Franchising</i>	

SSSOM Syllabus

Unit-1 Service – Definition

1.1	Characteristics
1.2	Stages of Economic Development
1.3	Role of Services in Economy
1.4	Experience Economy
1.5	Service Science
1.6	Service Dominant Logic
1.7	Service Systems
1.8	Service Operations
	Open System View of Service
1.9	Operations
1.1	Service Package
1.11	Strategic Service Vision
1.12	Competitive Service Strategies
1.13	Strategic Analysis
1.14	Sustainability in Services
	Competitive Role of Information in
1.15	Services

Unit-2 New Service Development

2.1	Innovation in Services
2.2	Service Blueprinting
2.3	Service Process Design
2.4	Service System Design
2.5	Service Facility Design and Layout
2.6	Strategic Location Considerations
2.7	Service Process Analysis
	Service Encounter Triad – Service
2.8	Organization, Contact Personnel and
	Customer
2.9	Service Profit Chain
2.10	Technology in Service Encounter

Unit-3 Service Quality Dimensions

3.1	Measuring Service Quality
3.2	SERVQUAL Gap Model
3.3	Walk Through Audit
3.4	Service Quality by Design
3.5	Achieving Service Quality
	Quality and Productivity Improvement
3.6	Process
3.7	Quality Tools
3.8	Benchmarking
3.9	Improvement Programs

Unit-4 Strategies

4.1	Strategies for Managing Service Demand and Service Capacity
4.2	Forecasting Service Demand
4.3	Forecasting Models – Subjective Models
4.4	Forecasting Models – Causal Models
4.5	Forecasting Models – Time-Series Models
4.6	Yield Management and its Application
4.7	Queuing Systems
4.8	Essential Features of Queuing Systems

Unit-5 Managing Service Projects

5.1	Characteristics of Project
5.2	Project Management – Principles, Process and Building Team
5.3	Selecting the Project Manager
5.4	Roles and Responsibilities of Project Manager
5.5	Techniques for Project Management – PERT
5.6	Techniques for Project Management – CPM
5.7	Techniques for Project Management – Gantt Charts
5.8	Monitoring Project Performance
5.9	Globalization of Services
5.1	Global Service Strategies
5.11	Domestic Growth and Expansion Strategies
5.12	Franchising

Unit-2 New Service Development

4.1 Strategies for Managing Service Demand and Service Capacity

2.1	Innovation in Services
2.2	Service Blueprinting

4.2	Forecasting Service Demand
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Unit-3

5.6	Techniques for Project Management – CPM
5.7	Techniques for Project Management – Gantt Charts
5.8	Monitoring Project Performance
5.9	Globalization of Services
5.1	Global Service Strategies
5.11	Domestic Growth and Expansion Strategies
5.12	Franchising

1.8 Service Operations

Definition : Activities involved in producing and delivering services.

Main Functions

1. Service Design

Planning service delivery.

2. Service Delivery

Actual execution.

3. Capacity Management

Balancing supply and demand.

4. Quality Control

Ensuring customer satisfaction.

Example

Restaurant Operations

1. Order taking
2. Cooking
3. Serving
4. Billing



1.9 Open System View of Service Operations

Concept: Service organizations interact continuously with the external environment.

Model

INPUTS

(Customers, Employees, Technology, Information)



TRANSFORMATION

(Service Process)



OUTPUTS

(Customer Satisfaction, Revenue, Value)



FEEDBACK

(Customer Reviews)

Example: College

Inputs:

- Students
- Faculty

Process:

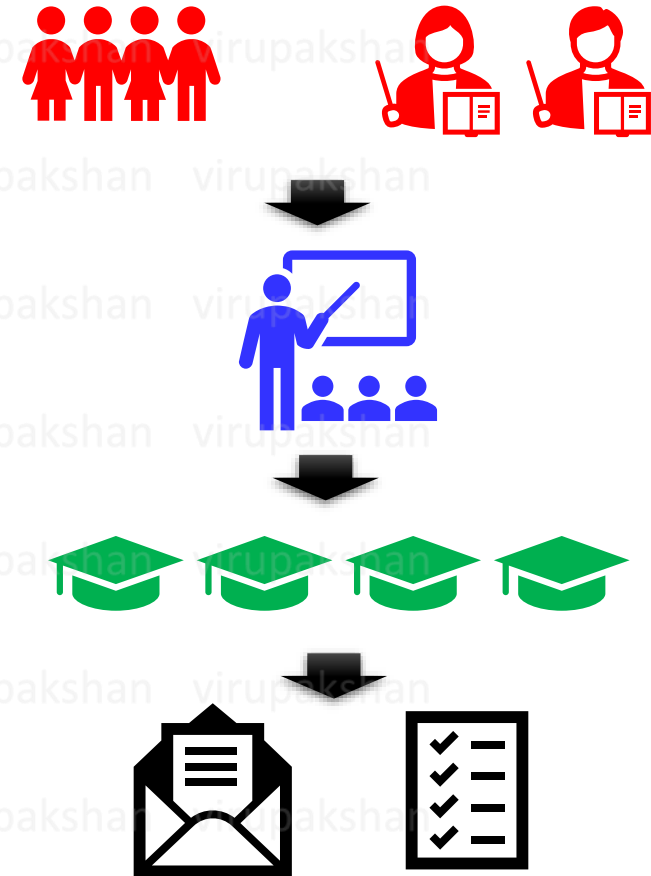
- Teaching

Outputs:

- Graduates

Feedback:

- Placements
- Alumni response



1.10.1 Service Package

Definition: A bundle of goods and services provided to customers.

Components

Supporting Facility

Physical resources.

Example:

Hospital building

Facilitating Goods

Items consumed.

Example:

Medicines

Information

Customer records

Explicit Services

Primary benefits

Example:

Medical treatment

Implicit Services

Psychological benefits

Example:

Feeling safe

Example: Hotel

Component	Example
Facility	Building
Goods	Toiletries
Information	Reservation
Explicit	Accommodation
Implicit	Comfort

1.10.2 SERVICE PACKAGE

A service package refers to a bundle of services that are offered together as a **single unit**.

It typically includes
a set of features,
benefits and
terms that define
the extent of
service provided.

EXAMPLE: New Broadband Connection



NETFLIX



BROADBAND
CONNECTION



prime video



1.11.1 Strategic Service Vision

Definition: A framework for developing competitive advantage through service strategy.

Four Elements

Target Market

Who are the customers?

Service Concept

What value is offered?

Operating Strategy

How will service be delivered?

Service Delivery System

Resources and processes.

Example : Amazon

Target Market:

Online shoppers

Service Concept:

Convenience

Operating Strategy:

Efficient logistics

Delivery System:

Warehouses + Technology

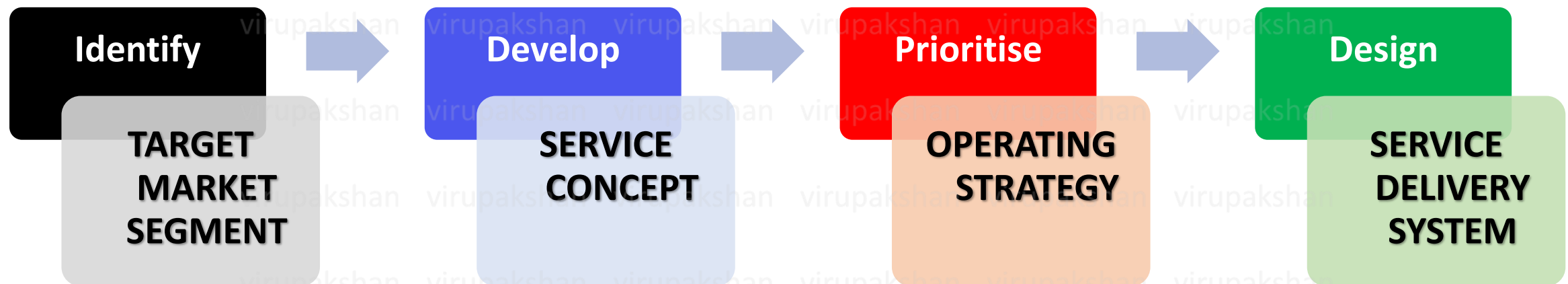
1.11.2 STRATEGIC SERVICE VISION

It is a **framework** used by service organizations to align their **operations and services** with their **strategic goals**

It consists of four elements which includes identification of a **target market segment**, development of a **service concept** to address target customers' needs, prioritisation of **operating strategy** to support the service concept, and design of a **service delivery system** to support the operating strategy.

1.11.2v STRATEGIC SERVICE VISION

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1.11.3 STRATEGIC SERVICE VISION – EXAMPLE



TARGET MARKET SEGMENT	SERVICE CONCEPT	OPERATING STRATEGY	SERVICE DELIVERY SYSTEM
Teenagers	Reasonably priced quality product	Standard Operating Procedures (SOP)	Provide training to employees
Younger Adults	Fresh and safe ingredients	Safe Food	Kitchenware Technology
Busy Workers	Clean environment	Supply Chain Management	
People who enjoy safe and tasty fast food	Fast and convenience		Continuous improvement on products offerings

1.11.3A STRATEGIC SERVICE VISION – EXAMPLE



TARGET MARKET SEGMENT

Teenagers



Younger Adults



Busy Workers



People who enjoy safe and tasty fast food



1.11.3B STRATEGIC SERVICE VISION – EXAMPLE

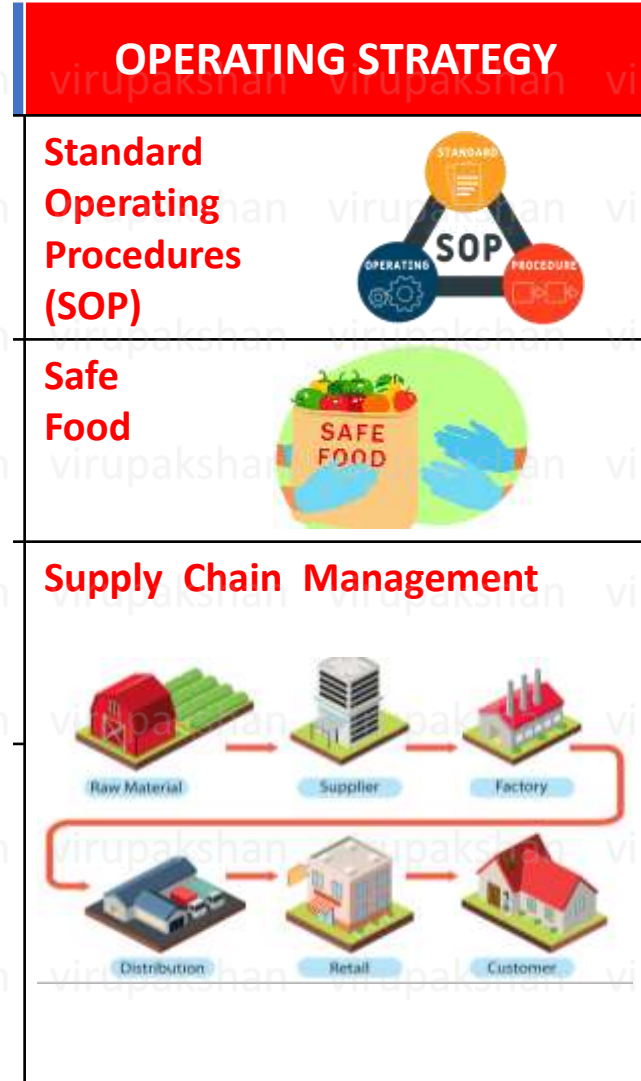


SERVICE CONCEPT	
Quality Product Reasonable Price	
Fresh and safe ingredients	
Clean place	
Fast and convenient	

1.11.3C STRATEGIC SERVICE VISION – EXAMPLE



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1.11.3D STRATEGIC SERVICE VISION – EXAMPLE



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SERVICE DELIVERY SYSTEM

**Provide
Employee
Training**



**Kitchenware
Technology**



**Continuous improvement on
products offerings**



1.11.3E STRATEGIC SERVICE VISION – EXAMPLE



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TARGET MARKET SEGMENT	SERVICE CONCEPT	OPERATING STRATEGY	SERVICE DELIVERY SYSTEM
Teenagers 	Quality Product Reasonable Price 	Standard Operating Procedures (SOP) 	Provide Employee Training 
Younger Adults 	Fresh and safe ingredients 	Safe Food 	Kitchenware Technology 
Busy Workers 	Clean place 	Supply Chain Management 	Continuous improvement on products offerings 
People who enjoy safe and tasty fast food 	Fast and convenient 		

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1.12.1 Competitive Service Strategies

1. Cost Leadership

Lowest cost provider.

Example: TCS, Infosys

2. Differentiation

Unique service.

Example: Starbucks, Pixel Mobile

3. Focus Strategy

Specific market segment.

Example: Thyrocare

Comparison

Strategy	Objective
Cost Leadership	Lowest Cost
Differentiation	Unique Service
Focus	Niche Market

1.12.2 Competitive Service Strategies

Competitive Service Strategies are crucial for businesses, especially in the service sector, to distinguish themselves from competitors and to offer value that attracts and retains customers.

Michael Porter, the Harvard Business School professor, identified three strategies for establishing a **competitive advantage**:

1. **Cost Leadership**,
2. **Differentiation**, and
3. **Focus**

3.1. **Cost Focus**

3.2. **Differentiation Focus**



1.12.3 Competitive Service Strategies

BROAD TARGET

1. Cost Leadership

Lowest cost producer in the industry.
Use professionals from regions with lower wages to reduce costs.

Examples: **TCS, Infosys, etc**

2. Differentiation

Offer unique expertise or innovative solutions that are not easily replicated by others.

Examples: **Starbucks, Café Coffee Day, etc**

NARROW TARGET

3.1. Cost Focus

A firm that does not necessarily offer the lowest prices within the industry, but offers the lowest prices compared to competitors.

Example: **Thyrocare**

3.2. Differentiation Focus

Offer unique features and fulfill the requirements of a **niche or narrow market**.

Example: **Pixel Mobile – Internet Only**

LOWER COST

DIFFERENTIATION

1.13.1 Strategic Analysis

This refers to the market space in which companies operate and compete to gain market share.

There are **5 forces** that represent the **key sources of competitive pressure** within an industry. They are:

1. Competitive Rivalry.
2. Supplier Power.
3. Buyer Power.
4. Threat of Substitution.
5. Threat of New Entry.

1.13.2 Strategic Analysis: Porter's Five Forces

Porter's Five Forces

1. Competitive Rivalry
2. Supplier Power
3. Buyer Power
4. Threat of Substitutes
5. Threat of New Entrants

1.13.3 Strategic Analysis: Porter's Five Forces

- 1. Competitive Rivalry:** This looks at the number and strength of your competitors. High competitive rivalry might lead to aggressive marketing campaigns and price wars.
- 2. Supplier Power:** This assesses how easy it is for suppliers to drive up prices. This can be influenced by the number of suppliers of each key input, the uniqueness of their product or service, their strength and control over you, the cost of switching from one to another, and so on.
- 3. Buyer Power:** Here, the focus is on how easy it is for buyers to drive prices down. This is driven by the number of buyers, the importance of each individual buyer to your business, the cost to them of switching from your products and services to those of someone else, and so on.
- 4. Threat of Substitution:** This refers to the likelihood of your customers finding a different way of doing what you do. For example, if you supply a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it.
- 5. Threat of New Entry:** Your position can be affected by people's ability to enter your market. So, think about how easily this could be done. How easy is it to get a foothold in your industry or market? How much would it cost, and how tightly is your sector regulated?

1.13.3v Strategic Analysis: Porter's Five Forces



1. Competitive Rivalry Leads to aggressive marketing campaigns and price wars



VS



2. Supplier Power This assesses how easy it is for suppliers to drive up prices.



3. Buyer Power How easy it is for buyers to drive prices down.



4. Threat of Substitution Customers finding a different way of doing what you do.



?



(VADA PAV)

5. Threat of New Entry

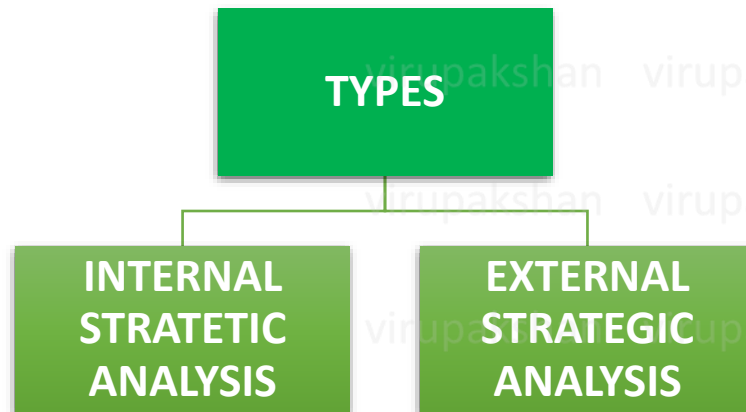
Position can be affected by people's ability to enter your market.



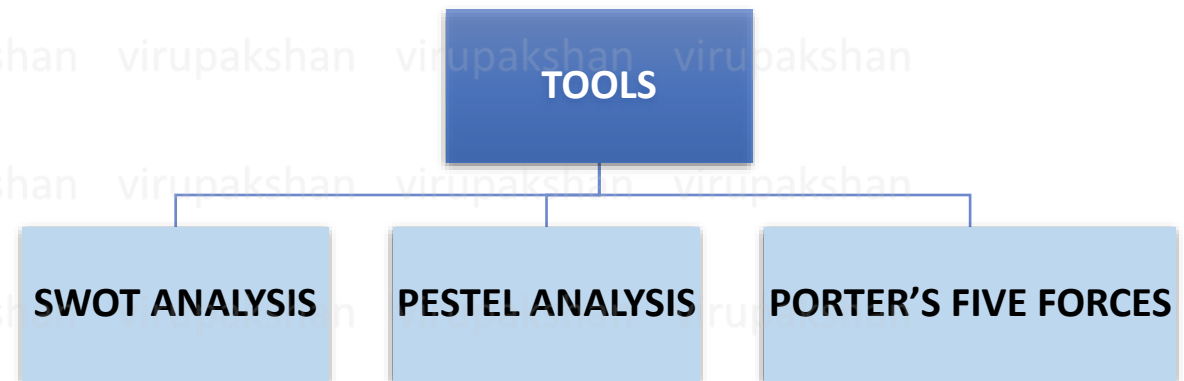
1.13.4 Strategic Analysis

It is the process of **gathering data** that helps a company's leaders **decide on priorities and goals**, shaping a long-term strategy for the business.

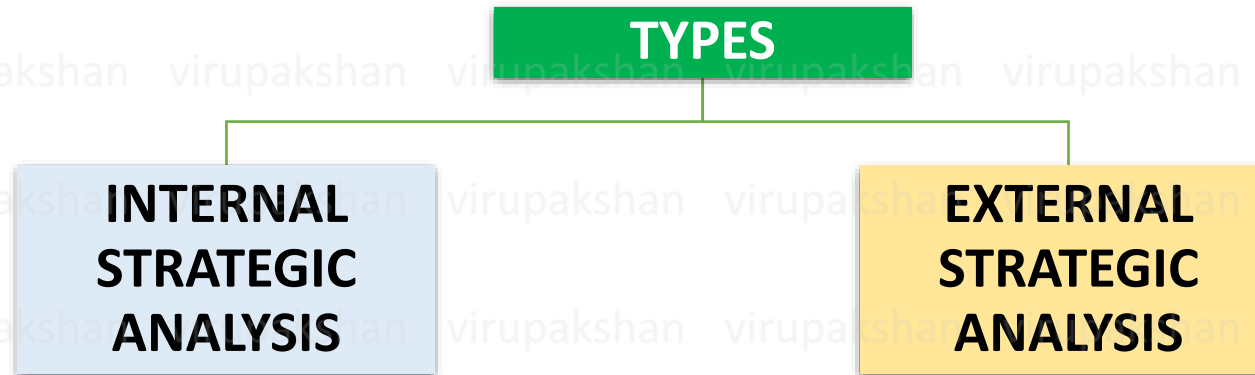
There are 2 types
of Strategic Analysis



There are several tools
to do Strategic Analysis



1.13.5 STRATEGIC ANALYSIS- TYPES



Focuses on the organization's core, **examining strengths, weaknesses, resources, and competencies** to identify competitive advantages and areas for improvement.

Looks at the **broader business environment**, including market analysis, trend research, and understanding external factors like customer behaviors, regulatory changes, etc.

1.13.5B STRATEGIC ANALYSIS : TOOL – SWOT ANALYSIS

STRENGTHS



**Ready Platform &
Proven Pricing Model.**



WEAKNESS

**To beat UBER & OLA
Brand Presence**

OPPORTUNITIES



**Unhappy Drivers & Customers
and growing demand for fair
mobility services.**



THREATS

**Uncertainties like
Govt. Policies,
Pandemic**

SWOT



1.14 Sustainability in Services

Definition: Meeting present needs without compromising future generations.

Triple Bottom Line (TBL)

1. People

Social responsibility



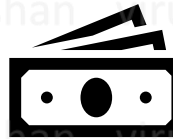
2. Planet

Environmental protection



3. Profit

Financial sustainability



Example

Green Hotel

- Solar power
- Water conservation
- Local employment

Benefits

- Reduced costs
- Better reputation
- Customer loyalty

1.15 Competitive Role of Information in Services

Information has become a major competitive weapon in services.

Uses of Information

1. Customer Database

Example: Amazon recommendations

2. Revenue Generation

Example: Targeted advertisements

3. Productivity Improvement

Example: Automated banking

4. Barrier to Entry

Example: Google search database

Virtual Value Chain

Data Collection



Information Processing



Knowledge Creation



Customer Value

Sample 5-Mark Questions

- 1.Explain the characteristics of services.
- 2.Discuss stages of economic development.
- 3.Explain the role of services in an economy.
- 4.What is experience economy?
- 5.Explain service science.
- 6.Discuss service-dominant logic.
- 7.Explain service systems.
- 8.Describe the service package.
- 9.Explain strategic service vision.
- 10.Discuss competitive service strategies.

Sample 10-Mark Questions

- 1.Explain the characteristics of service operations and their managerial implications.
- 2.Discuss stages of economic development with suitable examples.
- 3.Explain strategic service vision and competitive service strategies.
- 4.Discuss sustainability and the competitive role of information in services.
- 5.Explain service package and open-system view of service operations with diagrams.

Unit-4 Strategies

5.6	Techniques for Project Management – CPM
5.7	Techniques for Project Management – Gantt Charts
5.8	Monitoring Project Performance
5.9	Globalization of Services
5.1	Global Service Strategies
5.11	Domestic Growth and Expansion Strategies
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Doubts?

THANK YOU!

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