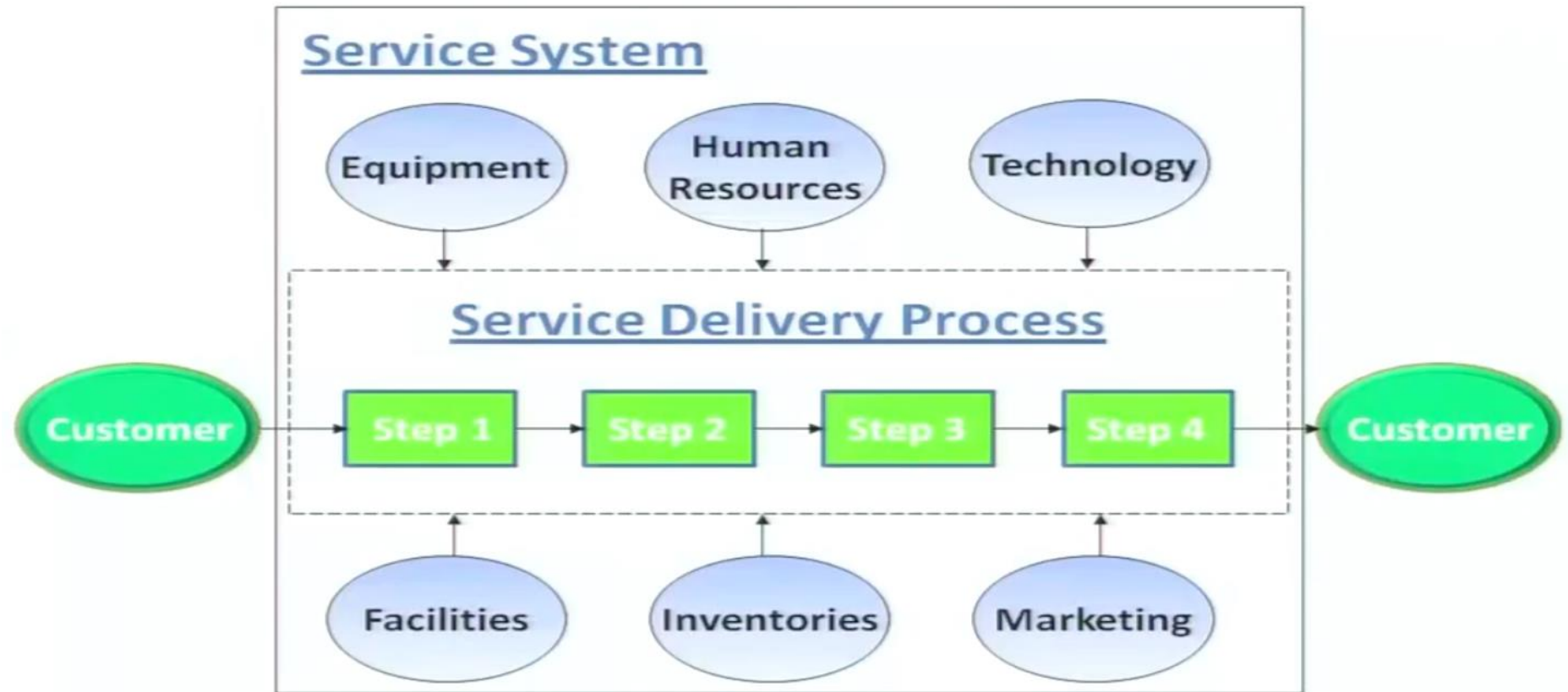


Week 4 Video 19

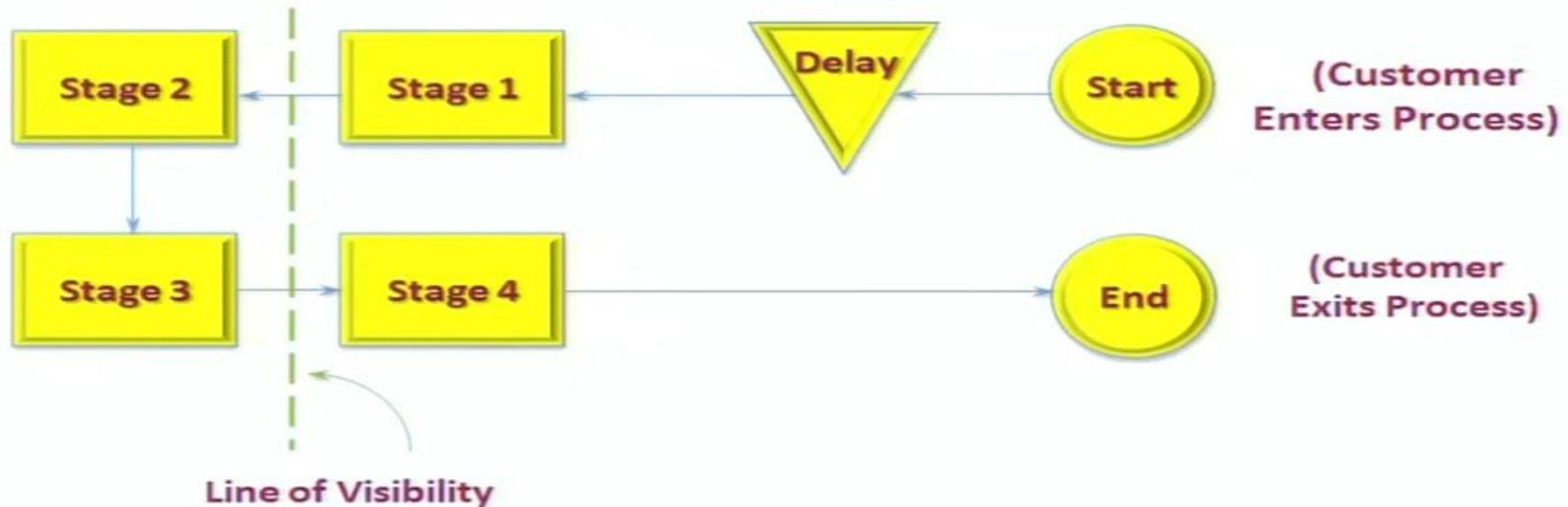
THE RELATIONSHIP BETWEEN THE SERVICE DELIVERY PROCESS AND THE SERVICE SYSTEM



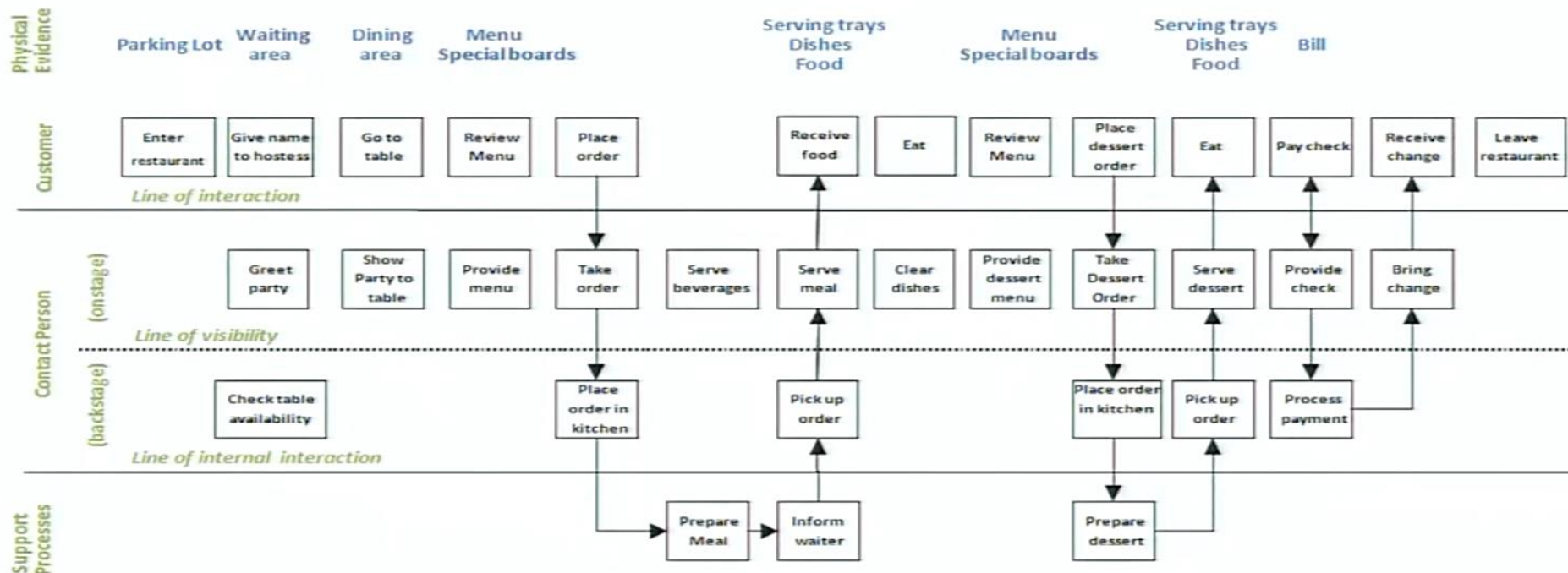
SERVICE BLUEPRINTING: PROCESS ANALYSIS FOR SERVICES

Back-of-the-House

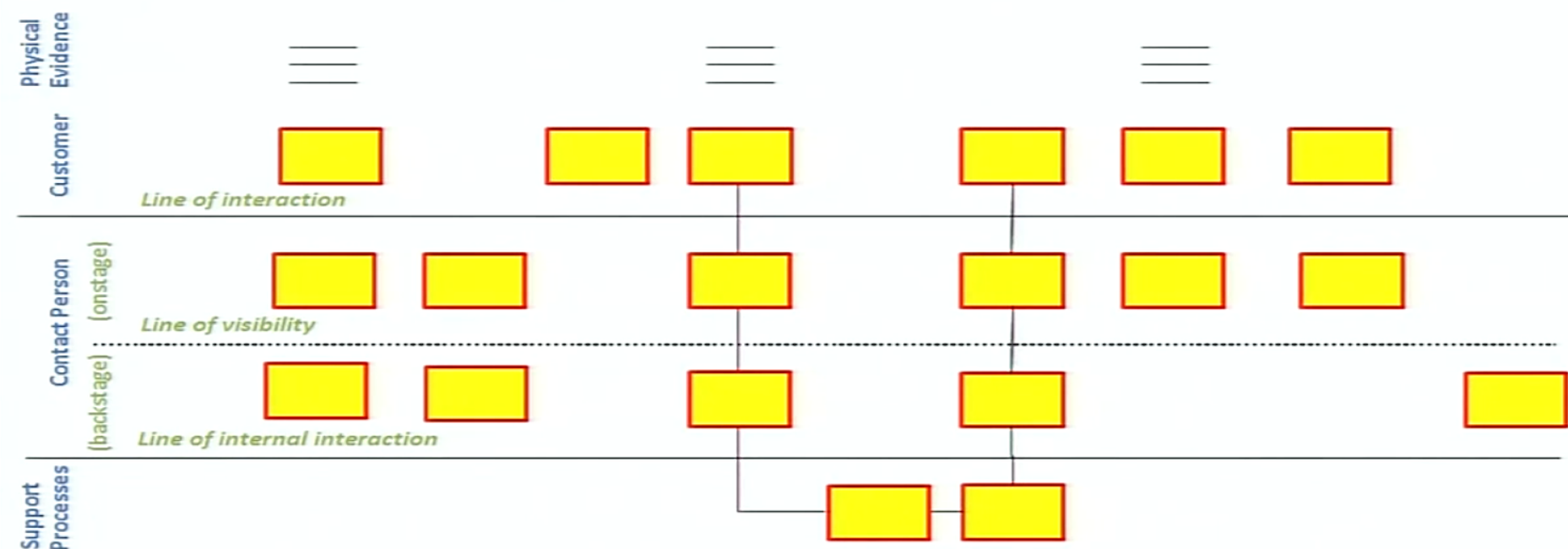
Front-of-the-House



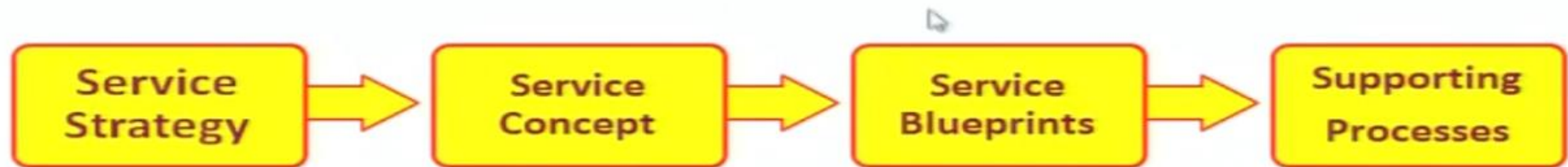
SERVICE BLUEPRINT OF A RESTAURANT



SERVICE BLUEPRINT COMPONENTS



PRIORITY SEQUENCE FOR DESIGNING THE NEW SERVICE AS PROCESS



DESIGNING THE NEW SERVICE PROCESS

- ***Service Concept:*** Focuses on satisfying the customer
- ***Service Content:*** Defines what is included in the services itself
- ***Service Style:*** Describes how the service will be delivered

SERVICE CONCEPT

- Service Operation
- Service Experience
- Service Outcome
- Value of the Service

Source: Johnston, R., Clark G., 2001. Service Operations Management, Prentice Hall, Harlow, England.

Source: Clark, G., Johnston R., Shulver M., 2000. Exploiting the service concept for service design and Development.
In: Fitzsimmons J., and Fitzsimmons M. (Eds), New Service Design, SAGE Publications, Thousand Oaks, CA, pp 71-91.

SERVICE CONTENT

- **Steps that are followed to serve customers**
- **Points in the process at which workers might need to make decisions**
- **Points in the process at which customers might need to wait**

ORIGIN OF NEW SERVICES

- Human needs – stimulus for new services
- Need for survival and growth of existing
- Social needs not adequately covered

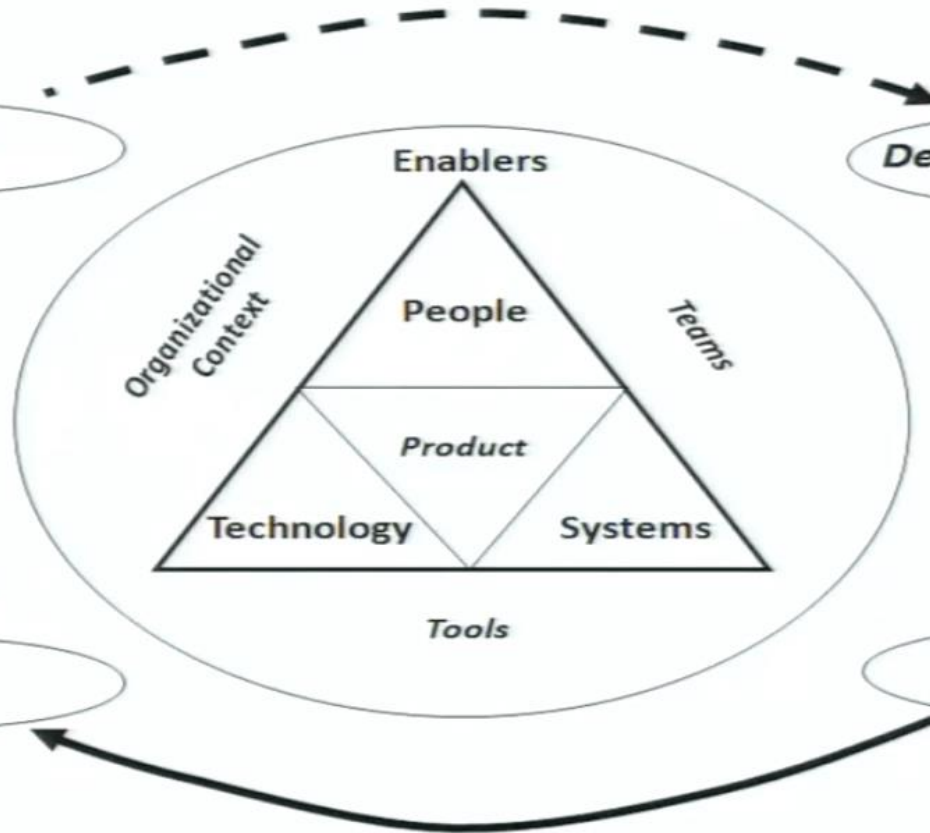
NEW SERVICE DEVELOPMENT CYCLE

- Full-scale launch
- Post-launch review

Full Launch

- Service design and testing
- Process and system design and testing
- Marketing program design and testing
- Personnel training
- Service testing and pilot run
- Test marketing

Design



Development

- Formulation of new services objective / strategy
- Idea generation and screening
- Concept development and testing

Analysis

- Business analysis
- Project authorization

Week 4 Video 20

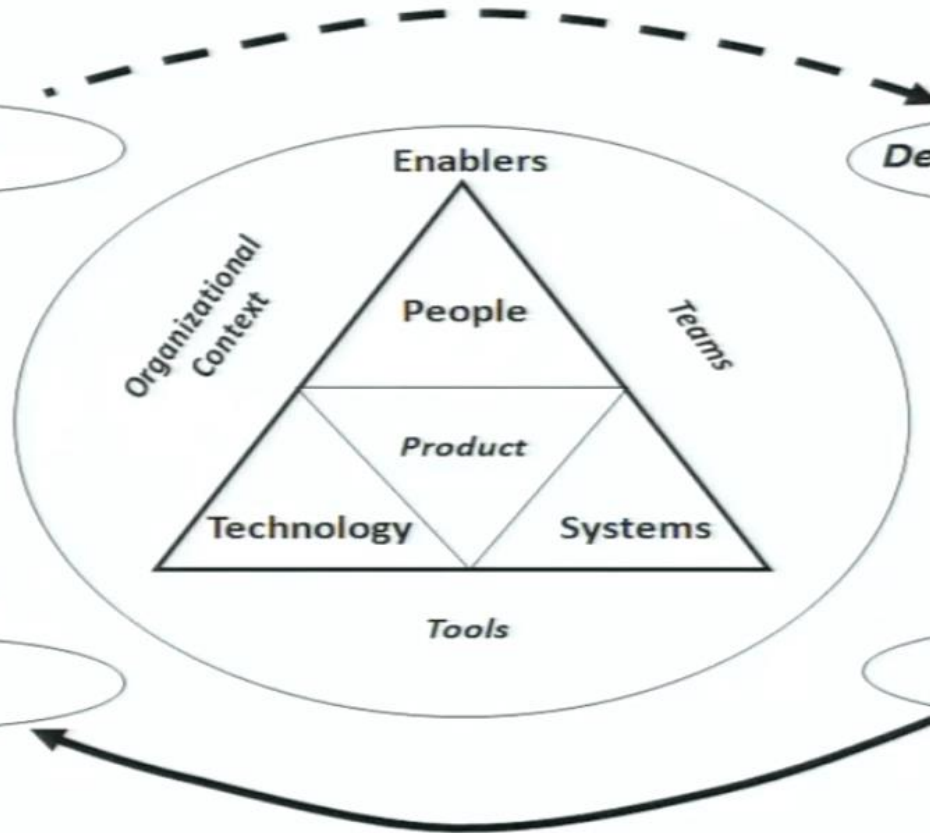
NEW SERVICE DEVELOPMENT CYCLE

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- Concept development and testing

Analysis

- Business analysis
- Project authorization

SERVICE DESIGN AND PROCESS SELECTION IN LC SYSTEM

- Similar to manufacturing

Worker  Technology

- Process selection through a range of options available with respect to equipment and procedures

BASIC TYPES OF PROCESSES

➤ Project

- Long duration
- Low volume
- One of a kind

➤ Well-defined activities

➤ Duration affected by completion of critical activities

BASIC TYPES OF PROCESSES

➤ Batch (job shop)

- Short duration
- Low volume
- Custom made

➤ Different sequence of activities for each customer

➤ Scheduling

BASIC TYPES OF PROCESSES

- **Line (flow shop)**
 - Short duration
 - High volume
 - Standard product

- **Standardized services**
- **Routine sequencing**
- **Line balancing**

BASIC TYPES OF PROCESSES

- **Continuous** Critical issue: deployment of service resources A measure of performance: travel time to customer

PROCESS SELECTION

- Steps arranged in a logical sequence
- Capacity at each step must be balanced to minimize bottlenecks
- Certain steps can be eliminated, or process shortened by paralleling steps
- Appropriate flexibility at each step

PROCESS SELECTION - TIME

- **Access time:** from first attempt to obtain service until the start of customer service
- **Queuing time:** length of queue, integrity of queue
- **Action time:** time to provide the service

STRATEGIC POSITIONING THROUGH PROCESS SELECTION

- *Degree of Complexity:* Measured by the number of steps in the service blueprint. For example a clinic is less complex than a general hospital.
- *Degree of Divergence:* Amount of discretion permitted the server to customize the service. For example the activities of an attorney contrasted with those of a paralegal.

STRUCTURAL ALTERNATIVES FOR A RESTAURANT

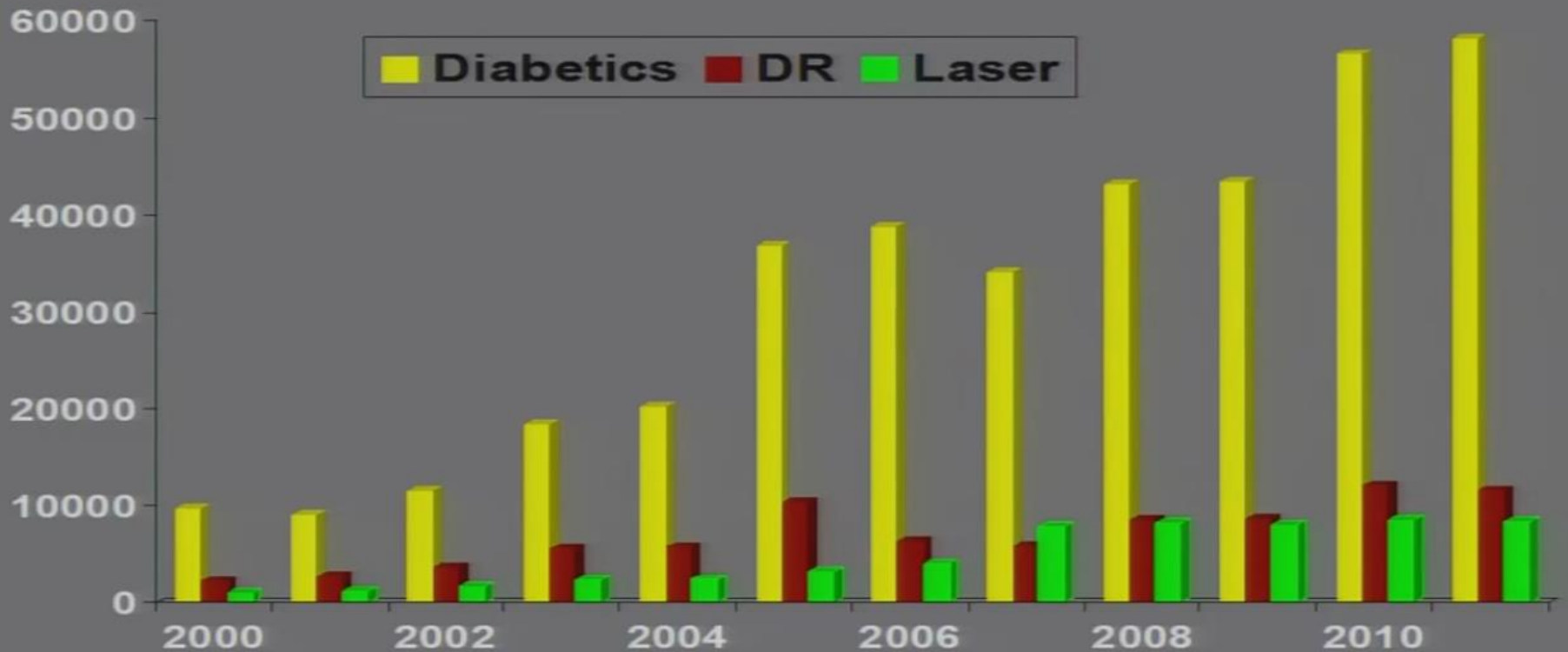
LOWER COMPLEXITY/DIVERGENCE	CURRENT PROCESS	HIGHER COMPLEXITY/DIVERGENCE
No Reservations	TAKE RESERVATION	Specific Table Selection
Self-seating. Menu on Blackboard	SEAT GUESTS, GIVE MENUS	Recite Menu: Describe Entrees & Specials
Eliminate	SERVE WATER AND BREAD	Assortment of Hot Breads and Hors D'oeuvres
Customer Fills Out Form	TAKE ORDERS	At table. Taken Personally by Maitre d'
	PREPARE ORDERS	
Pre-prepared: No Choice	Salad (4 choices)	Individually Prepared at table
Limit to Four Choices	Entree (15 choices)	Expand to 20 Choices: Add Flaming Dishes; Bone Fish at Table; Prepare Sauces at Table
Sundae Bar: Self-service	Dessert (6 choices)	Expand to 12 Choices
Coffee, Tea, Milk only	Beverage (6 choices)	Add Exotic Coffees; Sherbet between Courses; Hand Grind Pepper
Serve Salad & Entree Together: Bill and Beverage Together	SERVE ORDERS	
Cash only: Pay when Leaving	COLLECT PAYMENT	Choice of Payment. Including House Accounts: Serve Mints

PRODUCTION-LINE APPROACH TO SERVICE DESIGN

Design the system to control the process

- **Standardization and consistency**
- **Division of Labor: specialization of skills**
- **Substitute Technology for People (retain empathy)**
- **Standardize the Service: limit service array**
 - **Opportunity for pre-planning; predictability**
 - **Uniformity in quality**

DIABETICS EXAMINED & TREATED AT HOSPITAL



DIABETIC RETINOPATHY INTERVENTION

Diabetic Retinopathy Intervention

Strategies to address the challenges

Service Model



Awareness creation



Infrastructure Development



HR Development



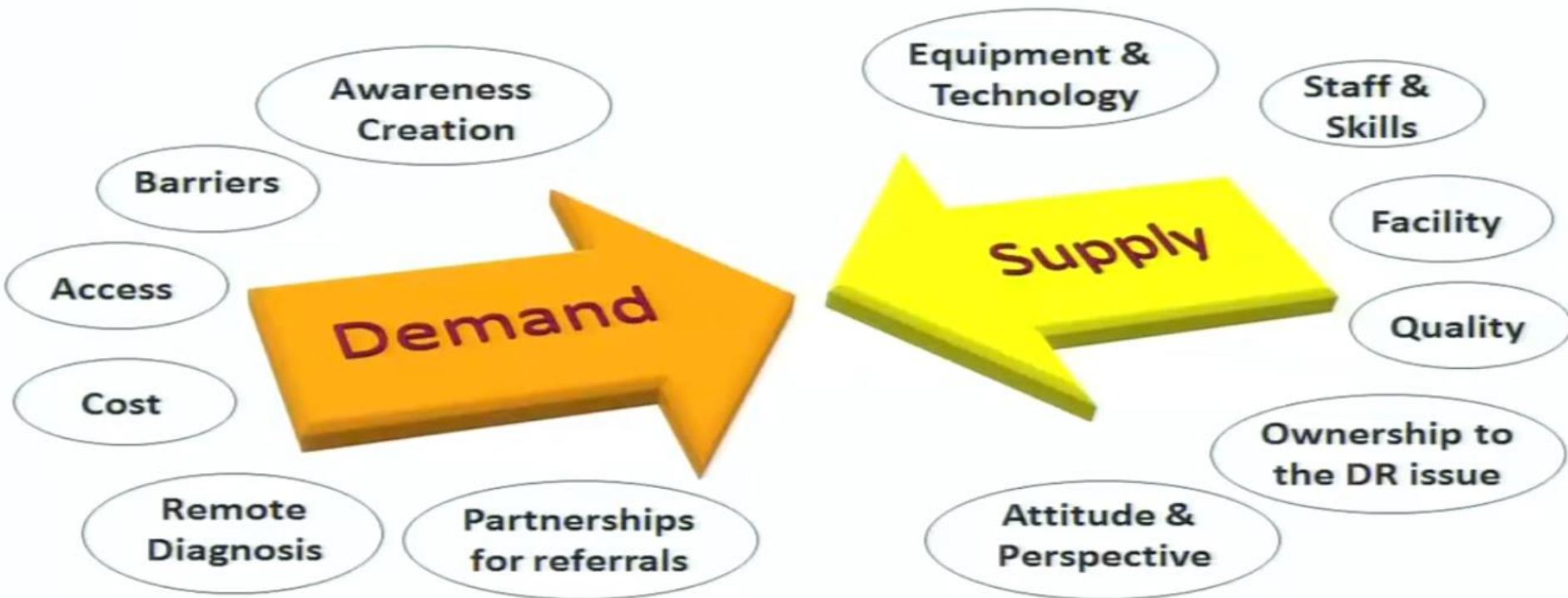
Outreach Activities



Treatment

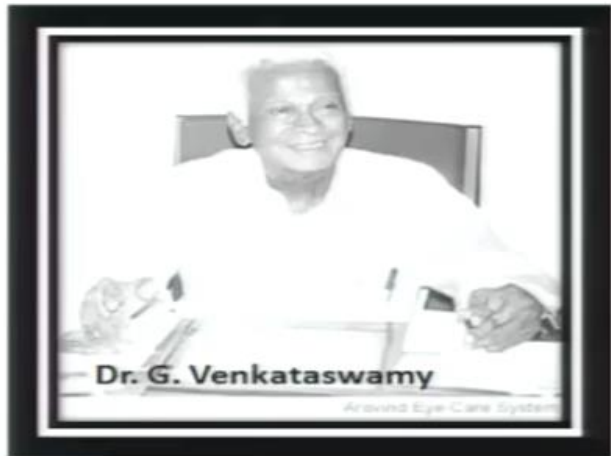


DR PROGRAM - DESIGN FRAMEWORK



Week 4 Video 21

THE ARVIND EYE HOSPITAL, MADURAI, INDIA



VISION :

Cataract Surgery on a Global perspective

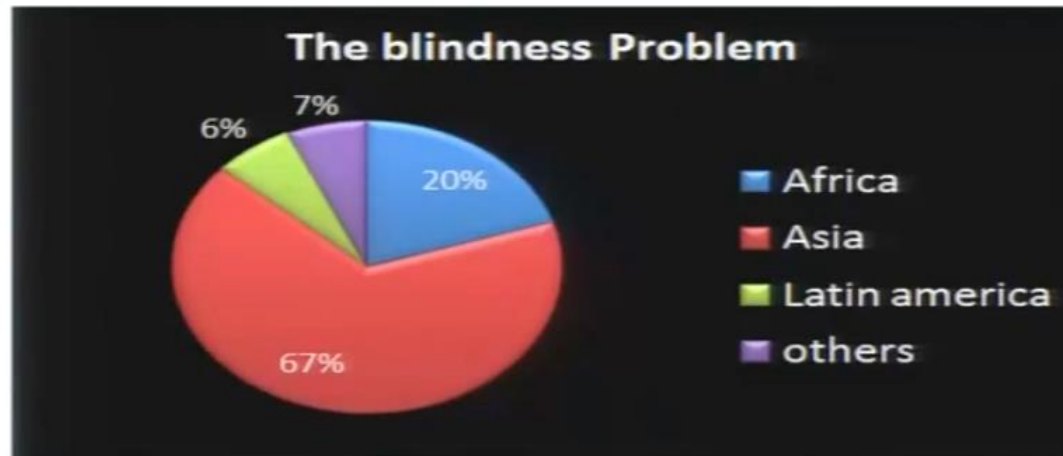
Offer quality eye care at reasonable cost

Provide services to rich and poor alike

**DREAM- “Eradication of Needless Blindness”
by creating a private, non profit eye
hospital that would provide quality eye care**



THE ARVIND EYE HOSPITAL, MADURAI, INDIA



WORLD WIDE (1992)

Projected- 30 Million

Developing Countries	Developed country
Macular Degeneration	Cataract (75%)
Diabetic Retinopathy	
Glaucoma	

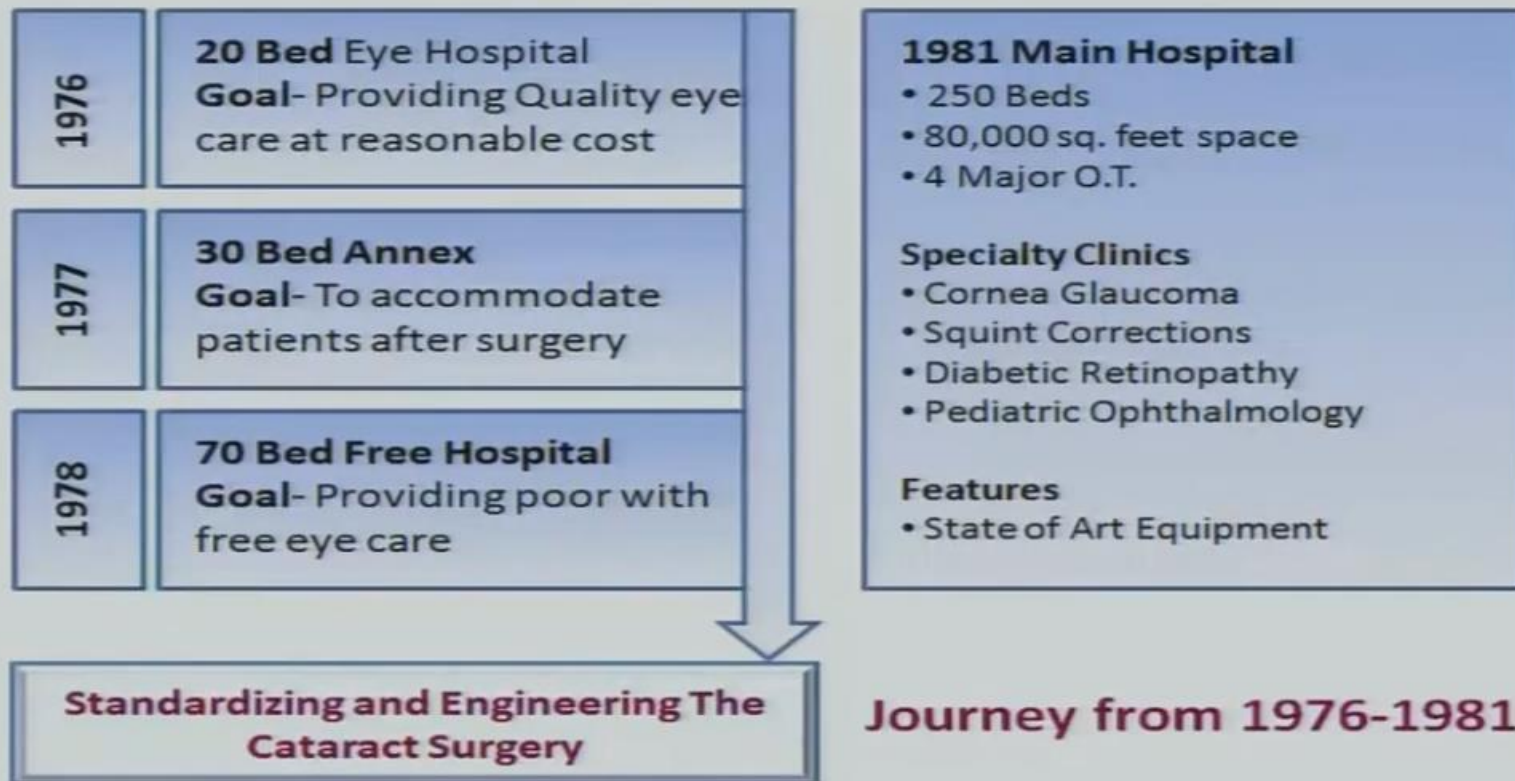
THE ARVIND EYE HOSPITAL, MADURAI, INDIA

APPROACH

- High quality service process at low cost
 - Replicate tested process steps
 - Removing non-value adding steps
 - **Economically self sustaining Model-** By generating enough Revenue from the paying Patients to recover the cost of **free care to the Majority**
-

Reference: 2005 Joe Tidd, John Bessant, Keith Pavitt

THE ARVIND EYE HOSPITAL, MADURAI, INDIA



THE ARVIND EYE HOSPITAL, MADURAI, INDIA



Eye
Hospital,
Since 1976

HORIZON 1

Objective:

“Short Jump
Initiative”

- Fortifying and extending the company's objective

1984

Building up of 350 bed free Hospital

- 36,000 sq. feet space
- 2 major OT and Minor theatre for Septic care
- Medical Personnel from main Hospital

Strategy

ASSEMBLY LINE PROCESS

Building of Hospitals in Tirunellvelli (1985)
, Theni (1988) and other places of Tamil Nadu

Three Strategy Horizons

From.....
.....McDonald's.....
.....To
.....Mc.
Surgery

"A blind person is a mouth with no hands,"
is an Indian saying that Dr. V liked to quote.

THE ARVIND EYE HOSPITAL, MADURAI, INDIA

McDonalds, has managed to spread its golden-arched empire across the planet based on

- **Systematic**
- **high volume production of a range of meals offered at low cost**
- **Idea of reproducibility**
- **All McDonalds outlets operate on the same model**
- **Staff are trained in a core set of skills which are common to all its operations**

*Reference: ©2005 Joe Tidd, John Bessant, Keith Pavitt
www.wileyeurope.com/college/tidd*

Week 4 Video 22

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THE ARVIND EYE HOSPITAL, MADURAI, INDIA

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THE ARVIND EYE HOSPITAL, MADURAI, INDIA

Carrying Out high Quality Process at Low cost

Cataract unlike most surgical procedures is the same procedure performed repetitively with Little Variation

Per unit surgery cost vary very little, allowing for very accurate cost projection

Same procedure performed repetitively hence facility set-up, Training procedures can be standardized

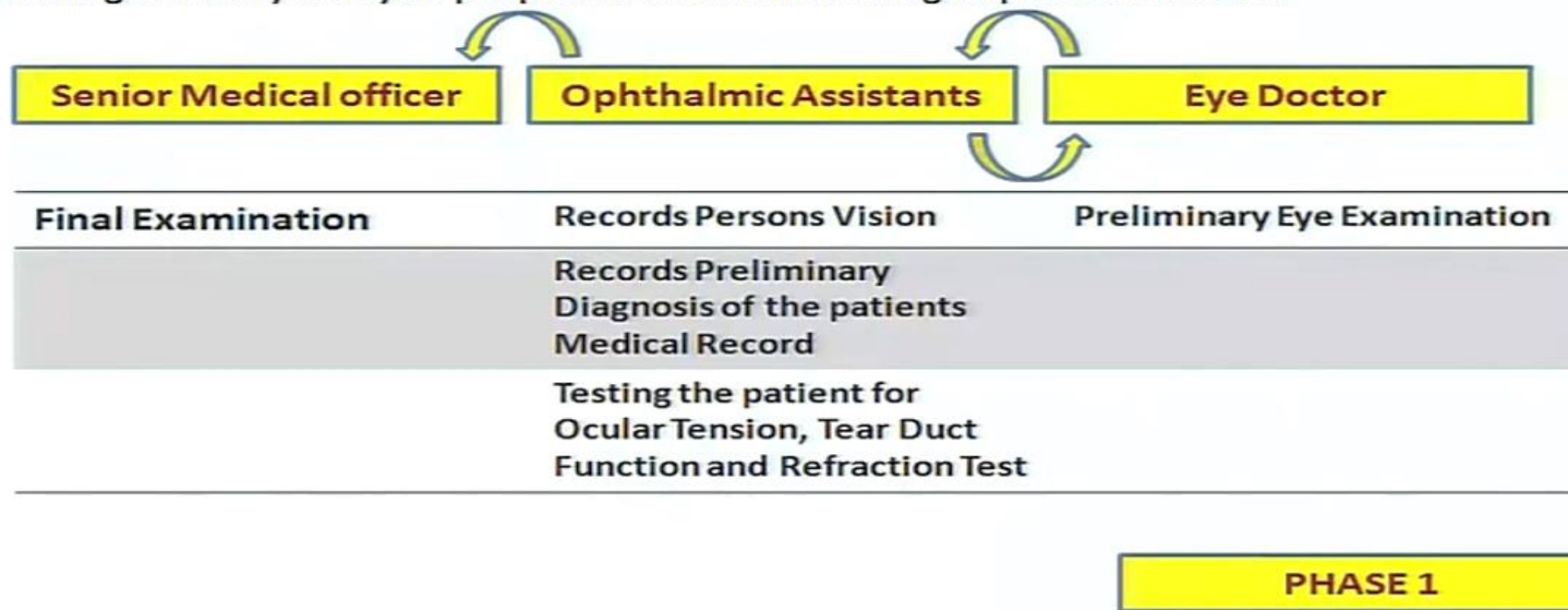
Cataract is procedure oriented and curative. People are generally willing to pay for cure but unlikely to pay for preventive services

Because of large number of people requiring Cataract surgery in Developing Countries, it is one of the few health care procedures that has the potential to pay for itself through user fees.

Cost Recovery is possible in Cataract Surgery

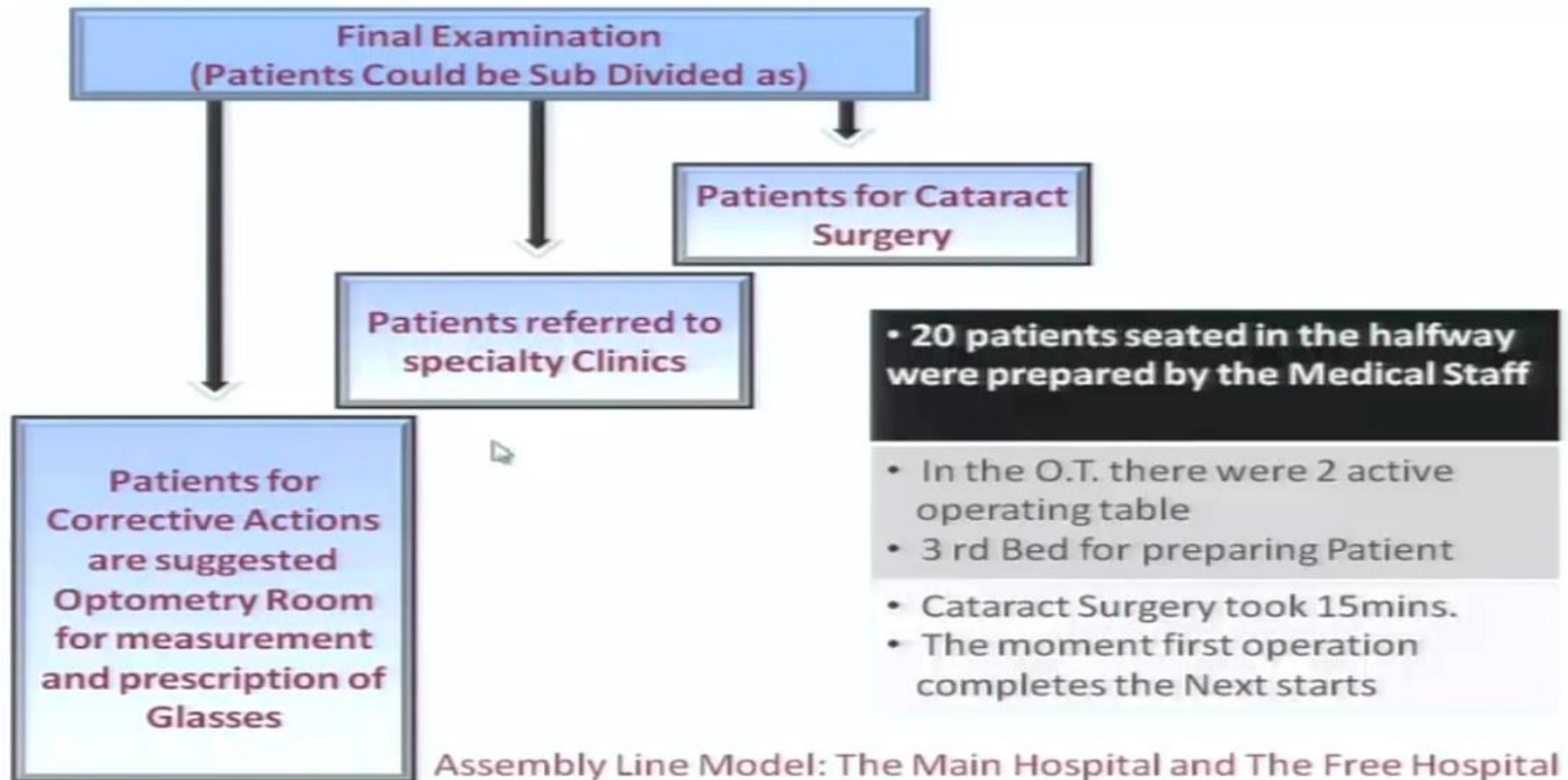
THE ARVIND EYE HOSPITAL, MADURAI, INDIA

The Morning is usually heavy an people are divided into two groups for evaluation



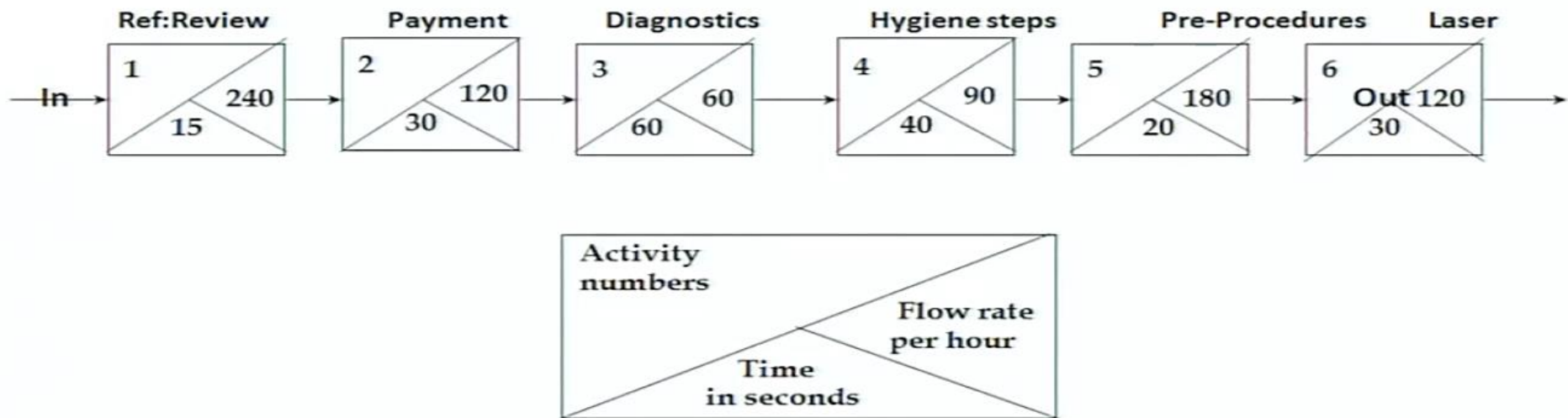
Assembly Line Model: The Main Hospital and The Free Hospital

THE ARVIND EYE HOSPITAL, MADURAI, INDIA

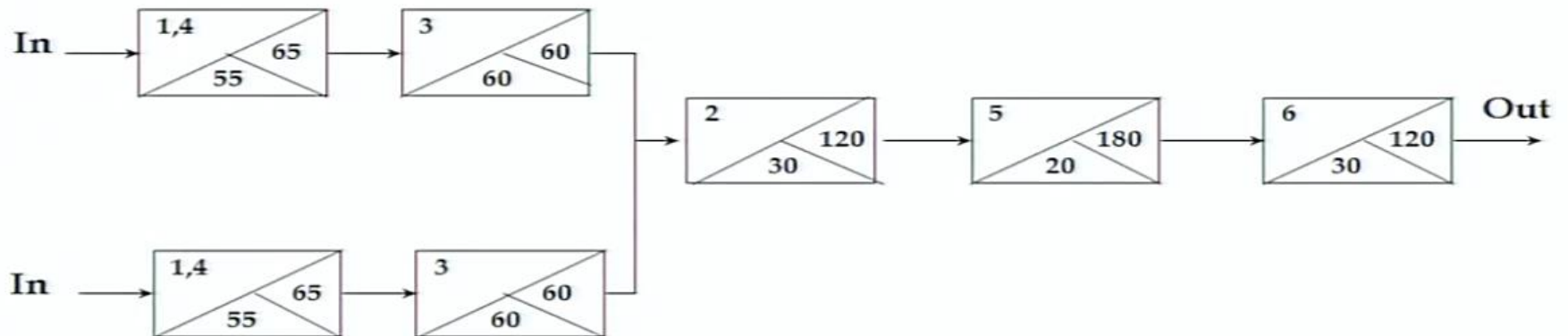


RETINOPATHY FACILITY- LINE-BALANCING PROBLEM





- XYZ Eye Clinic



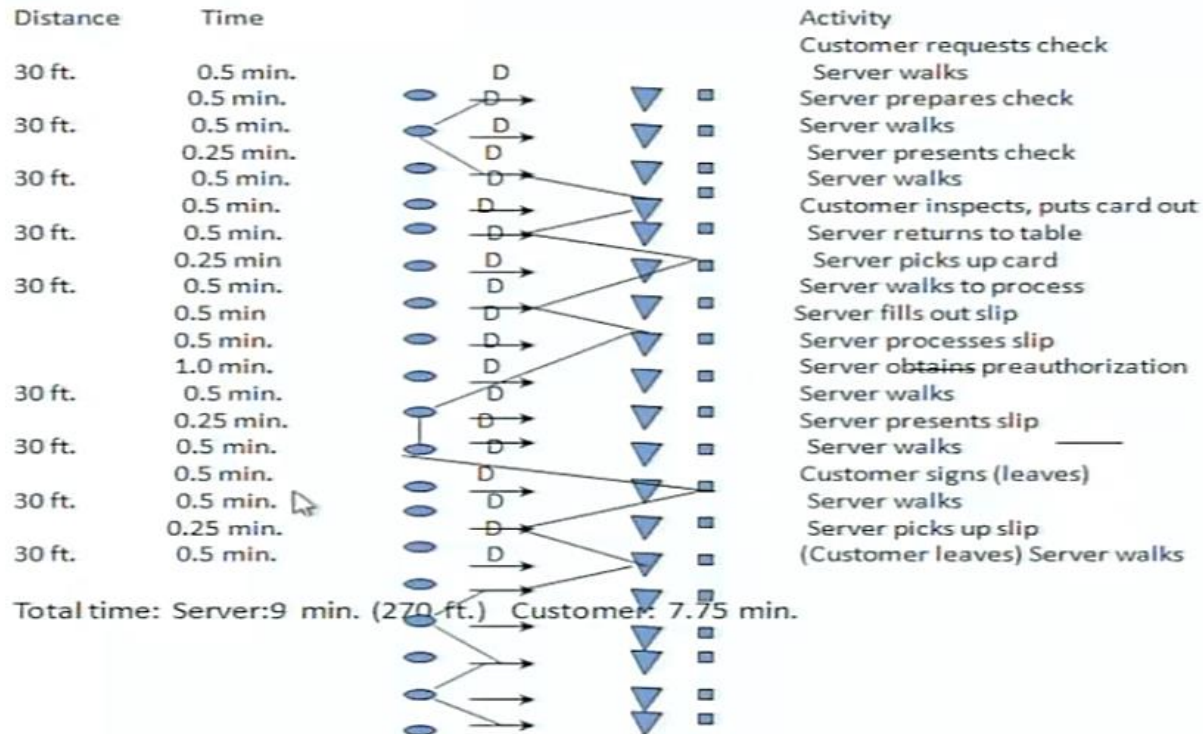
RETINOPATHY PROCEDURE (IMPROVED LAYOUT)



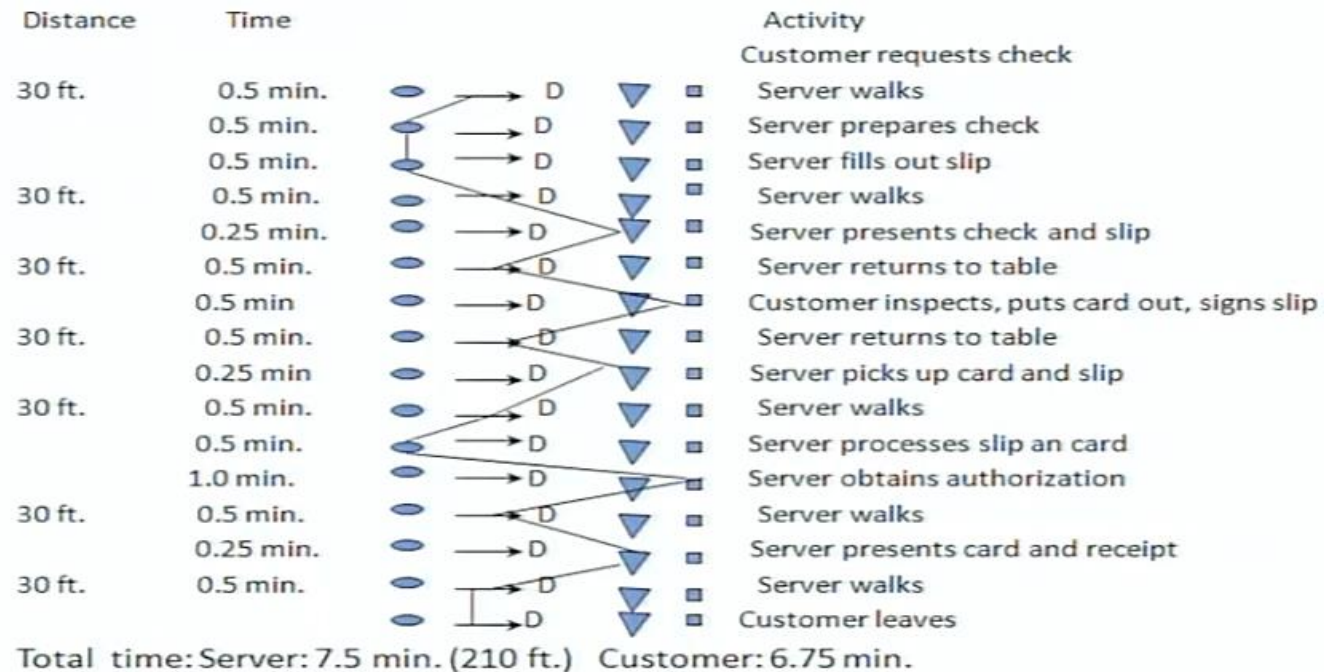
PROCESS FLOW CHARTING SYMBOLS

Category	Symbol	Description
Operation		An operation performed by the server off-line or customers self-service. A possible service failure point.
Customer contact		An occasion when server and customer interact. An opportunity to influence customer service perceptions.
Travel		The movement of customers, servers, or information between operations.
Delay	D	Delay resulting in a queue and a need for waiting space for customers.
Inspection		An activity by customer or server to measure service quality.

BILL PROCESSING –AS IS



BILL PROCESSING (POST IMPROVEMENT)



THE ARVIND EYE HOSPITAL, MADURAI, INDIA

➤ Reasons and Proposed Action: (Dr. V's Insight)

“Despite all our efforts, so many people with problems with their vision have still no access to hospitals. Much of the blindness can be corrected through surgery. But they are afraid of operations. So we have to increase the awareness of the causes of blindness and the need for early treatment. Even in villages where we conduct eye camps, only seven percent of people having eye problems turn up. We have to do more to create demand.”

Co-Creation Initiatives

- Increasing community involvement
- Community eye health education through various programmes:

Diabetic Retinopathy Management Project (2000)

Community Based Rehabilitation Project (1996)

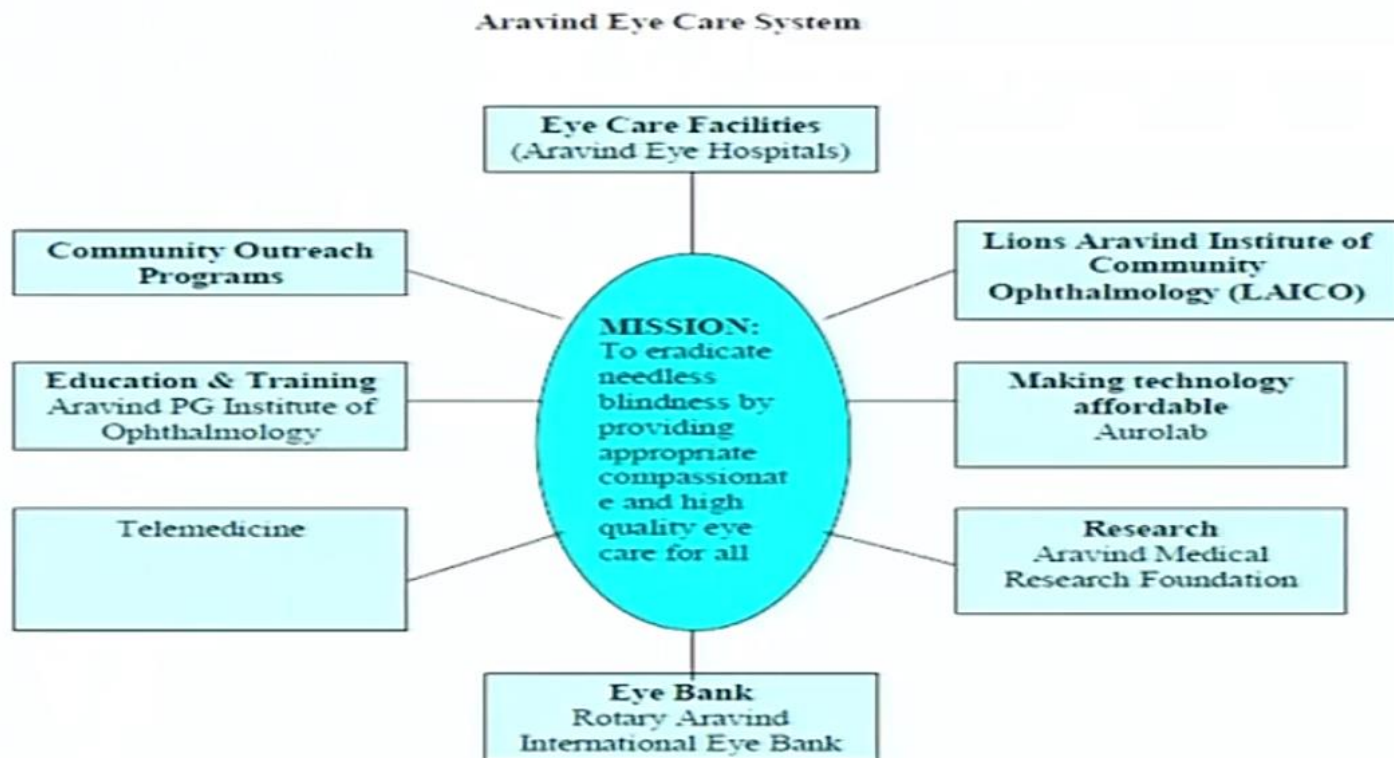
Eye Screening of School Children

Use of IT Kiosks for Tele advice

SERVICE EXCELLENCE

- **Nature and Objectives of Service Organization**
- **Process Streamlining**
- **Utility+ Appropriate Comfort Factors**
- **Involve the Community Served**
- **Eco-Friendly**

THE ARVIND EYE HOSPITAL, MADURAI, INDIA



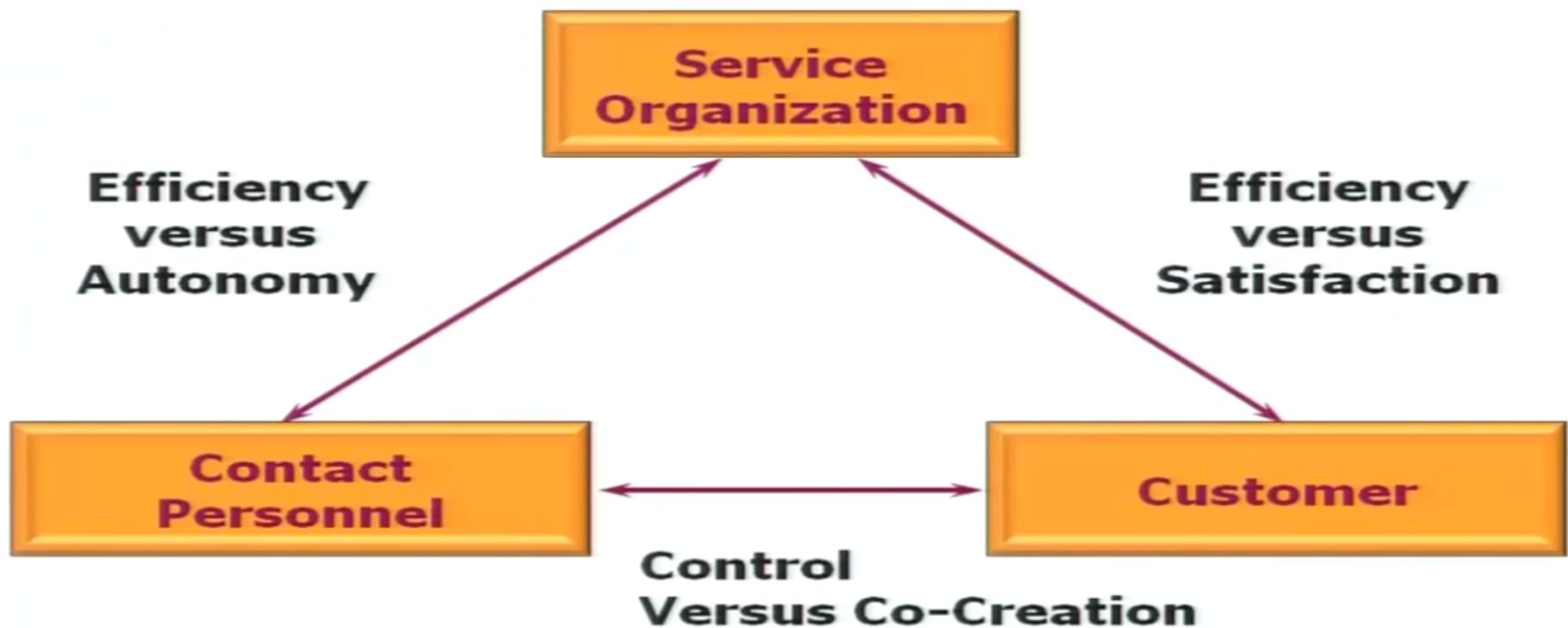
THE GRAND PORTFOLIO "ARVIND EYE CARE"

Week 4 Video 23

➤ Culture of Empowerment

- Invest in people
- Recruitment and Continuous Learning critical

SERVICE ORGANIZATION EXCELLENCE TRIAD



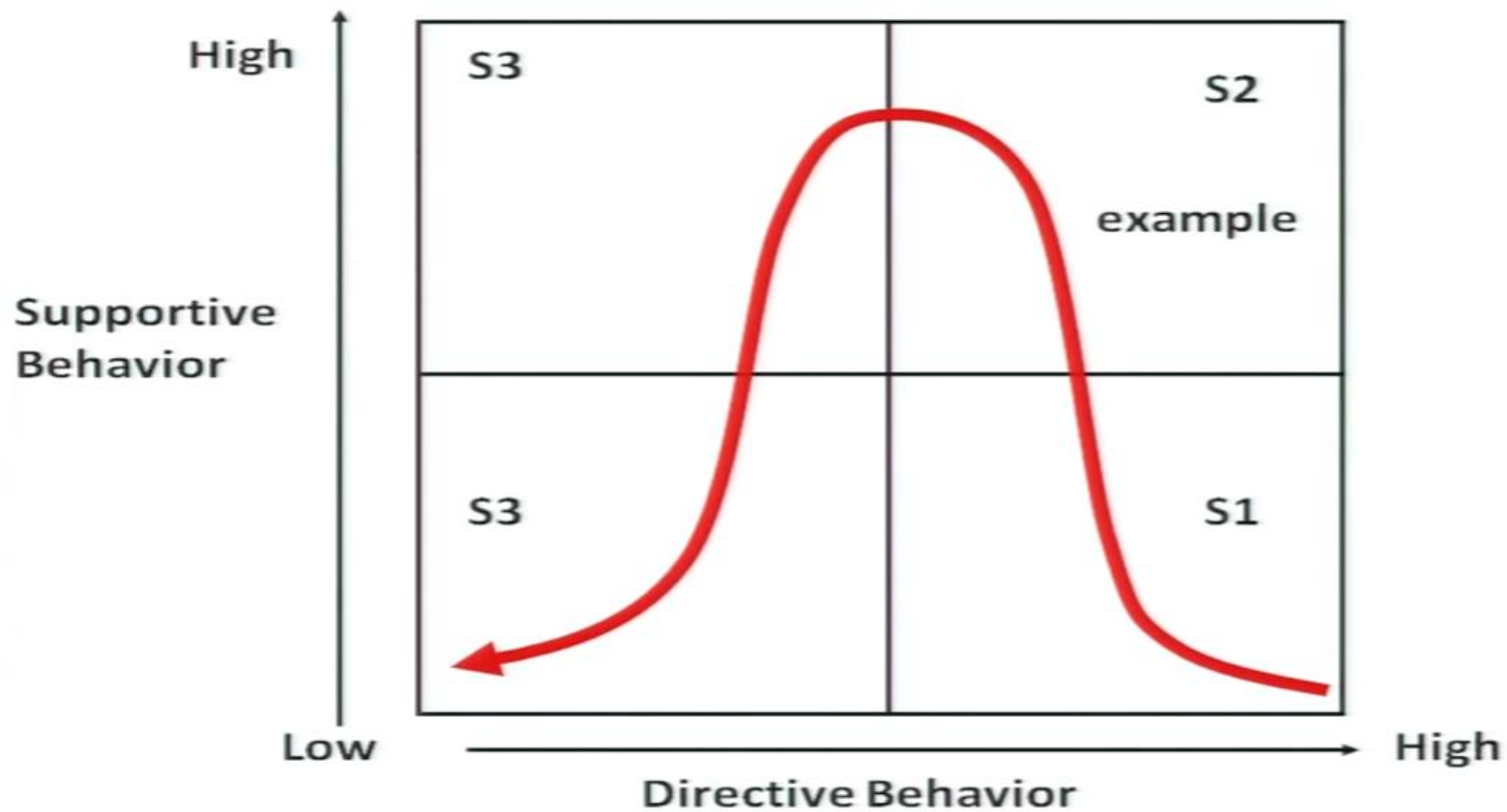
ARVIND EYECARE-ORGANIZATIONAL CONTROL

Beliefs Systems	To contribute	Core values & mission	Identify core values
Boundary Systems	To do right	Specify and enforce rules	Risks to be avoided
Diagnostic Control Systems	To achieve	Build clear targets	Critical performance variables
Interactive Control Systems	To create	Encourage learning	Strategic Uncertainties

Recall...

Theory	Management Style	Process	Critical Aspect
X (Taylor 1911)	Scientific	“Waterfall”	Lack of creativity and initiative
Y (Mc Gregor 1960)	Motivation based	Creativity and initiative	Conflicts and lack of coordination
Z (Ouchi 1981)	Japanese	Corporate Culture	Relationships among different companies
W (Boehm 1988)	Negotiation based	Maximise satisfaction	Lack of corporate strategy

SITUATIONAL LEADERSHIP



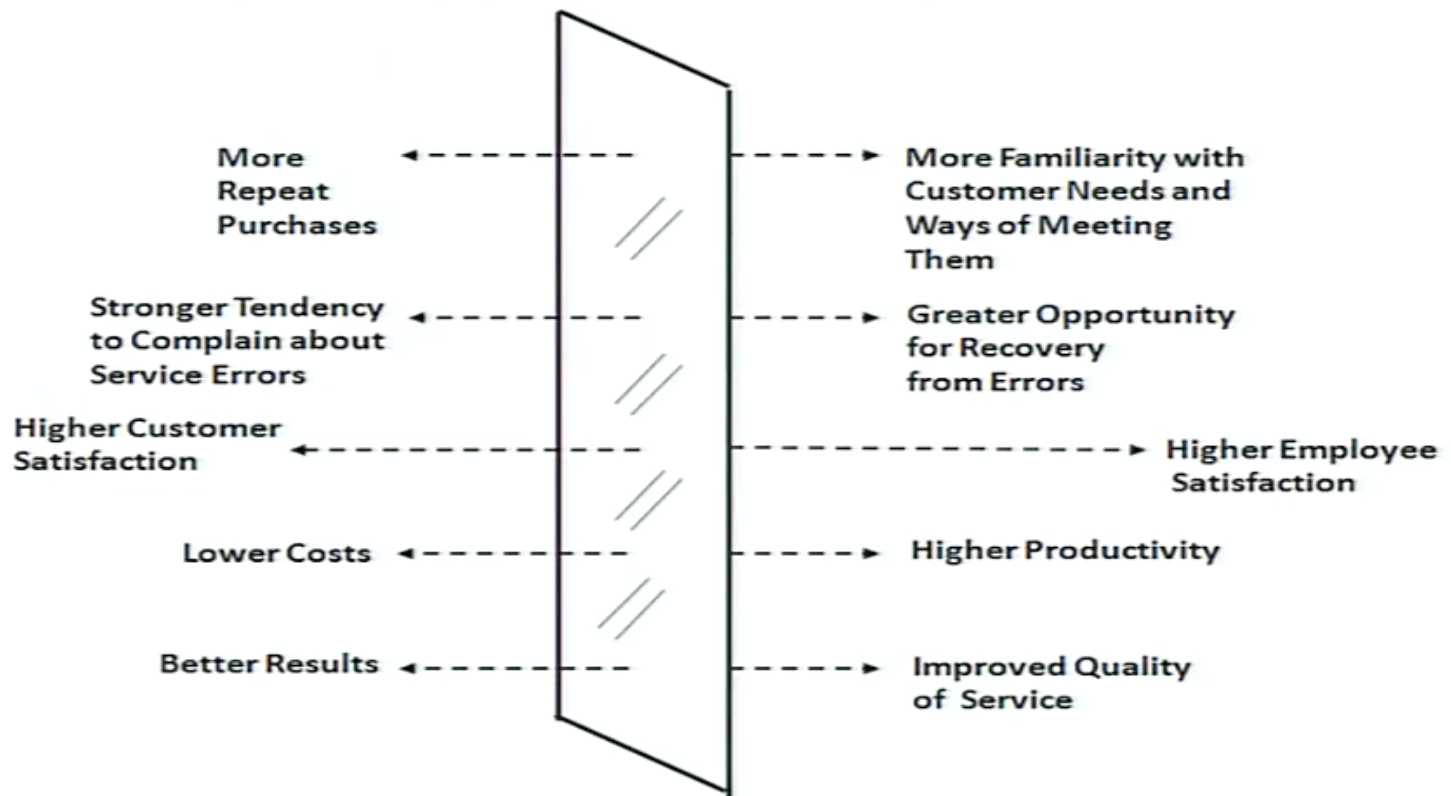
SITUATIONAL LEADERSHIP

- There is no single management style: it depends upon the managed people (Blanchard and Hersey)
- the leadership style of the leader must correspond to the development level of the follower - and it's the leader who adapts.
- Four styles and four commitments:
 - ☐ **S1. Directing**
 - (high guidance and little backing/support): people with low maturity and low commitment
 - ☐ **S2. Coaching**
 - (high guidance and high backing/support): people mature but not yet independent
 - ☐ **S3. Supporting**
 - (little guidance and high backing/support): people insecure (but ready to take responsibilities)
 - ☐ **S4. Delegation**
 - (little guidance and little backing/support): mature and autonomous people

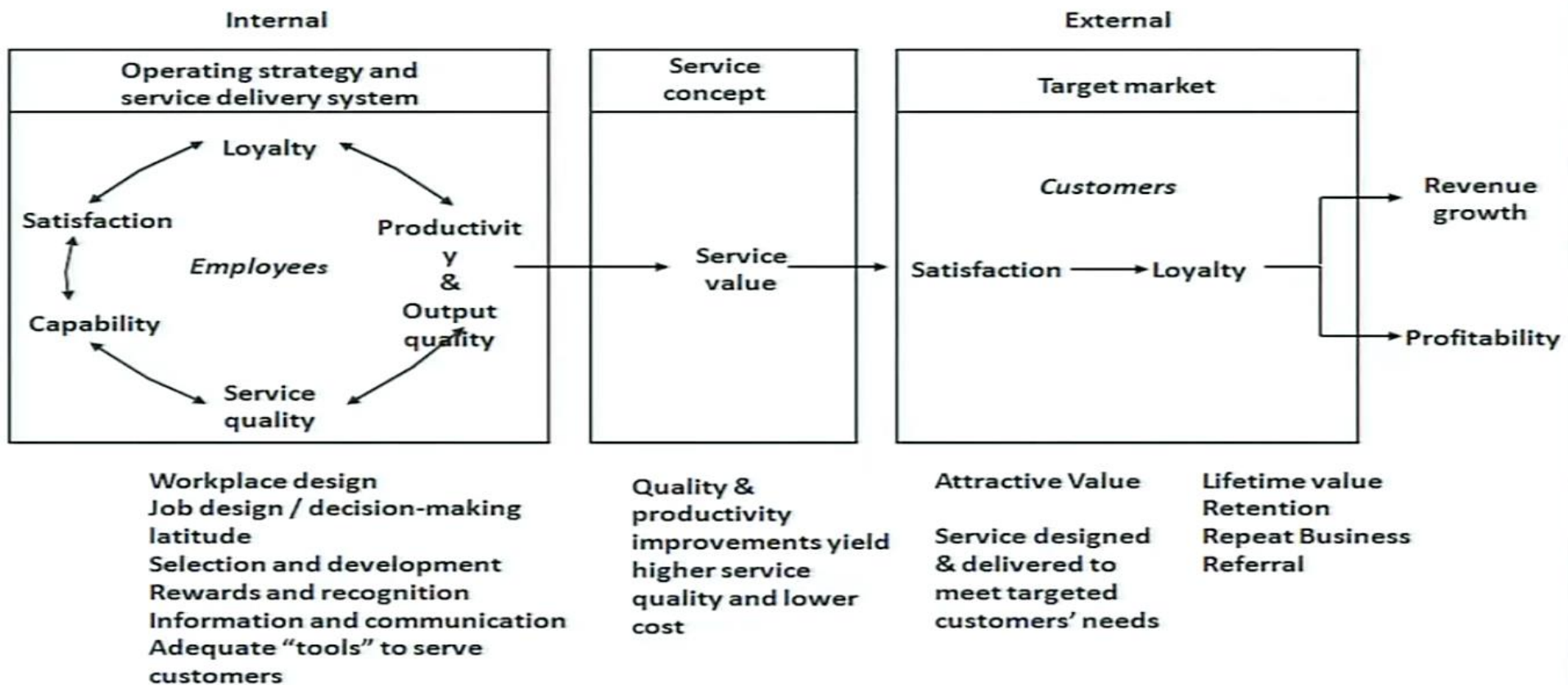
SERVICE ENCOUNTER SUCCESS FACTORS

Customer	Service Provider	
	<i>Human</i>	<i>Machine</i>
<i>Human</i>	Employee selection Interpersonal skills Support technology Engender trust	User friendly Verification Security Easy to access
<i>Machine</i>	Easy to access Fast response Verification Remote monitoring	Compatibility Tracking Verification Security

SATISFACTION MIRROR



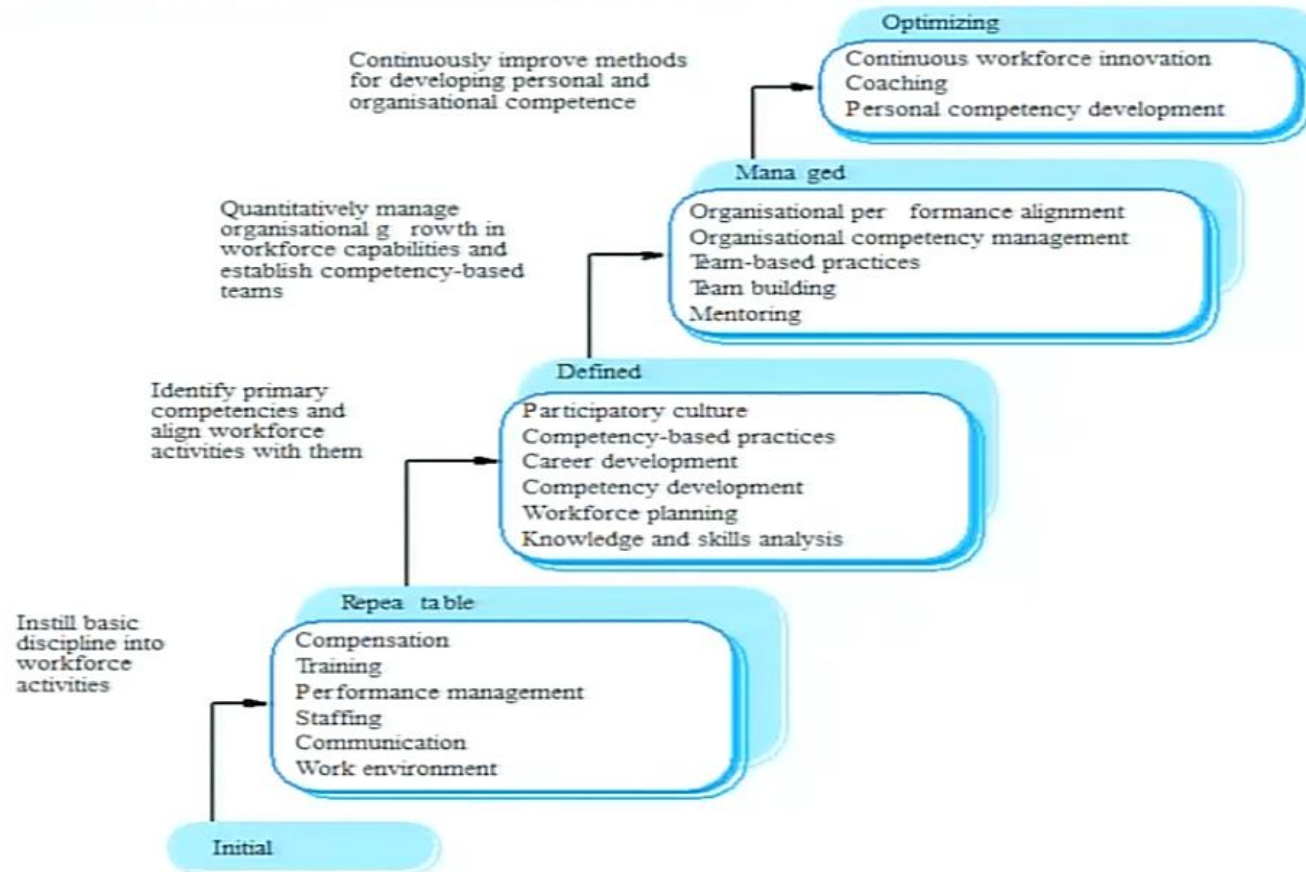
SERVICE PROFIT CHAIN



HUMILITY + WILL = LEVEL 5

- Level 5 leaders are self-effacing individuals who display a fierce resolve to do whatever needed to make the company great
- They channel their ego needs away from themselves and into the larger goal of building a great company.
- Their ambition is first and foremost for the institution, not themselves.
- Level 5 leaders are a study in duality: modest and willful, humble and fearless.
- Ex: Dr. G.Venkataswamy and Arvind Eye Care Group

THE PEOPLE CAPABILITY MODEL



THE CYCLE OF CAPABILITY

- Careful employee and customer selection
- High-quality training
- Well-designed support systems
- Greater latitude to meet customer's needs
- Clear limits on expectations of employees
- Appropriate rewards and recognition
- Missionary Leadership

Week 4 Video 24

Service Employees are Crucially Important HSE → HSC

- **Frontline co-creates customer loyalty**
 - **anticipating customer needs**
 - **customizing service delivery**
 - **building personalized relationships**

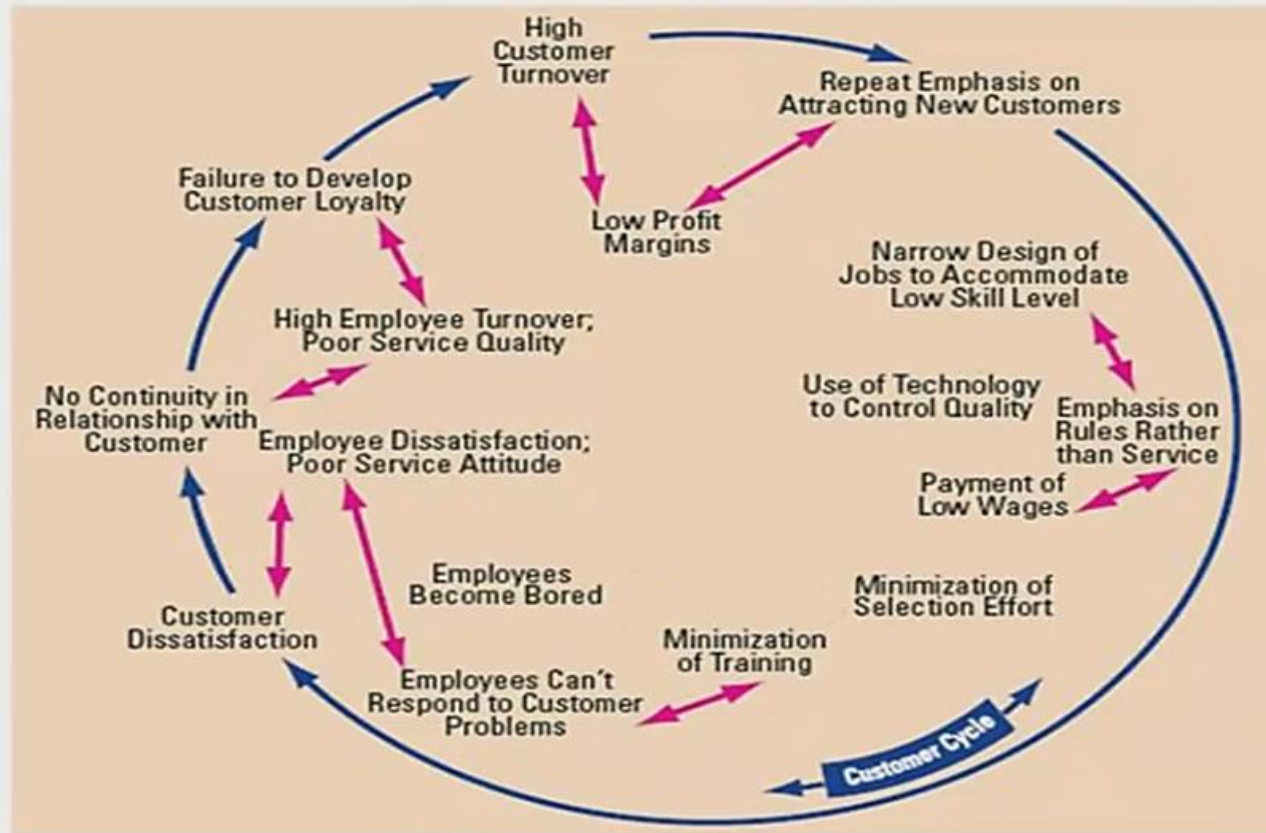
Factors Contributing to the Difficulty of Frontline Work

➤ **Boundary spanners**

➤ **Multiplicity of Roles**

- **delight customers**
- **be fast and efficient in executing operational tasks**
- **do selling, cross selling, and up-selling**
- **enforce pricing schedules and rate integrity**

- “The act of expressing socially desired emotions during service transactions” (Hochschild, The Managed Heart)
 - Performing Emotional Labor in response to society’s or management’s display rules can be stressful



THE EMPLOYEE CYCLE OF FAILURE

- Narrow job design for low skill levels
- Emphasis on rules rather than service
- Use of technology to control quality
- Bored employees who lack ability to respond to customer problems
- Customers are dissatisfied with poor service attitude
- Low service quality
- High employee turnover

- Longer-term view of financial performance; firm seeks to prosper by investing in people
- Attractive pay and benefits attract better job applicants
- More focused recruitment, intensive training, and higher wages make it more likely that employees are:
 - Happier in their work
 - Provide higher quality, customer-pleasing service

- **Broadened job descriptions with empowerment practices enable frontline staff to control quality, facilitate service recovery**
- **Regular customers more likely to remain loyal because they:**
 - **Appreciate continuity in service relationships**
 - **Have higher satisfaction due to higher quality**

SERVICE EMPLOYEES NEED TO LEARN

- **Organizational culture, purpose, and strategy**
 - Promote core values, get emotional commitment to strategy
 - Get managers to teach “why,” “what,” and “how” of job
- **Interpersonal and technical skills**
- **Product/service knowledge**
 - Staff’s product knowledge is a key aspect of service quality
 - Staff must explain product features and position products correctly

END OF RESOURCE