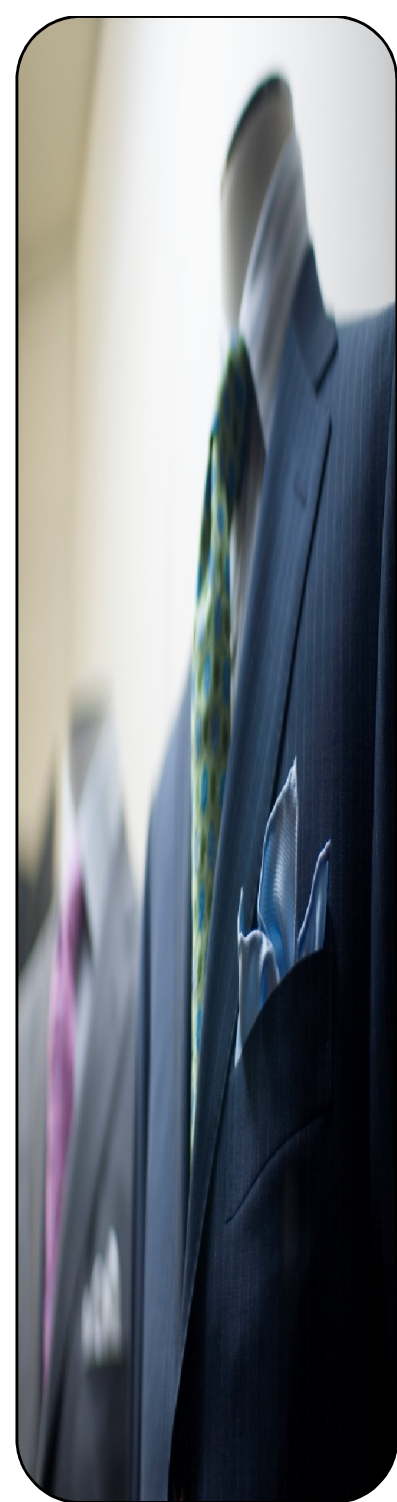**CHAPTER 8**

# Designing and Managing
# *Service* Processes

# Flowcharting Service Delivery Helps to Clarify Product Elements

- **Technique for displaying the nature and sequence of the different steps in service delivery to customers**

- **Offers way to understand total customer service experience**

- **Shows how nature of customer involvement with service organizations varies by type of service:**

  → **People processing**

  → **Possession processing**

  → **Mental Stimulus processing**

  → **Information processing**
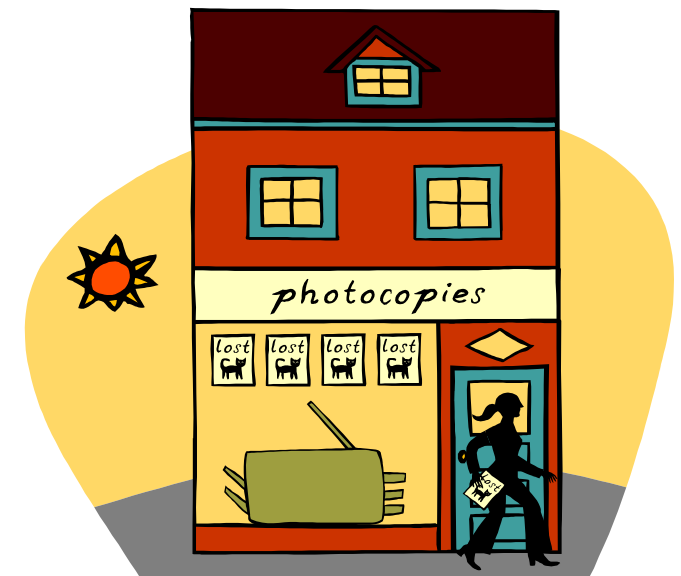
# Simple Flowchart for Delivery of a People-Processing Service



PEOPLE PROCESSING - STAY AT MOTEL

Park Car → Check In → Spend night in room → Breakfast → Check-out

Maid makes up room (→ Check In)

Breakfast prepared (→ Breakfast)

# Simple Flowchart for Delivery of a Possession-Processing Service

## POSSESSION PROCESSING - REPAIR A DVD PLAYER

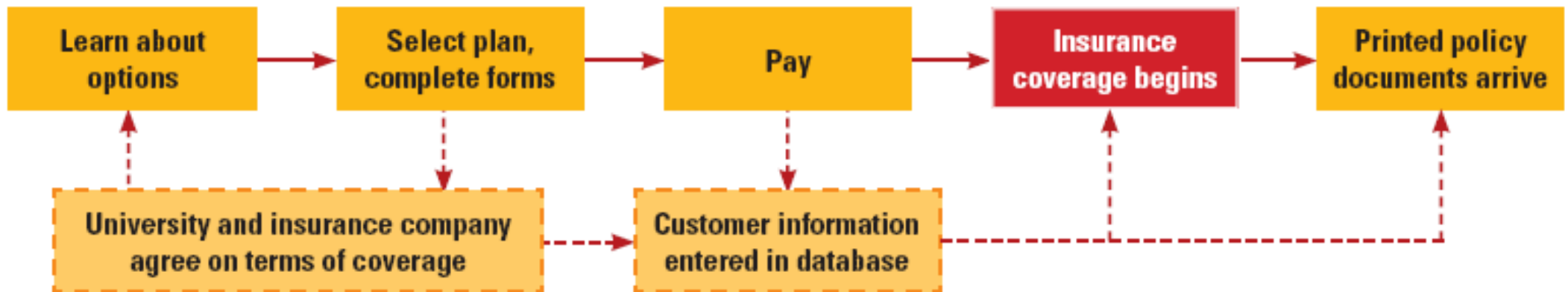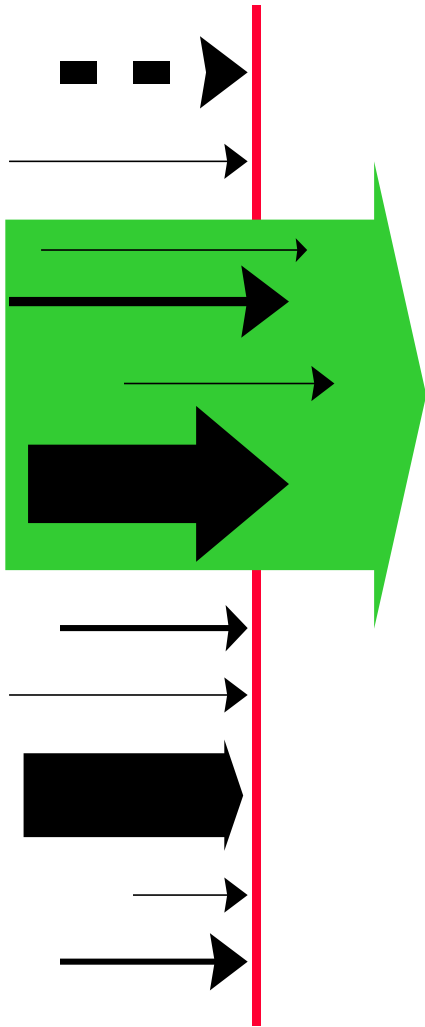## MENTAL STIMULUS PROCESSING - WEATHER FORECAST
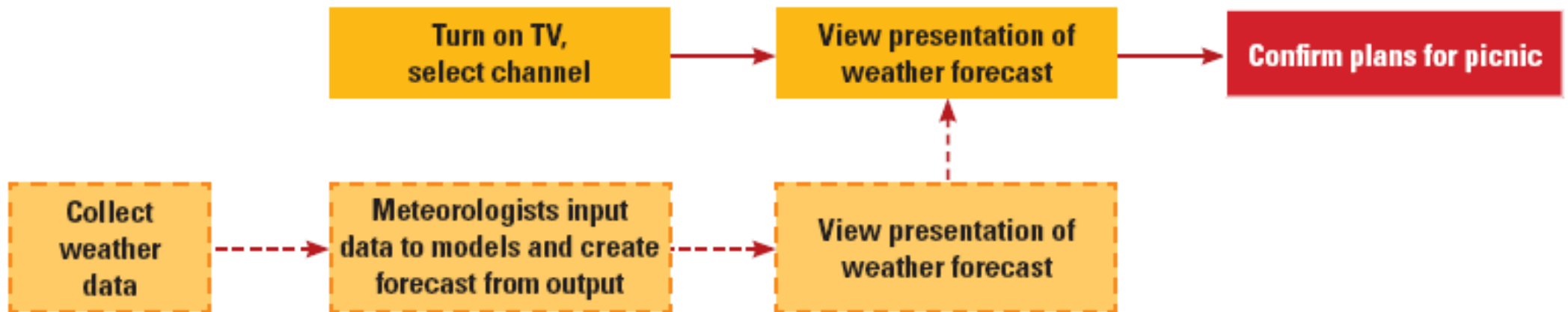
# Simple Flowchart for Delivery of an Information-Processing Service

## INFORMATION PROCESSING - HEALTH INSURANCE

# Blueprinting

**Developing a Blueprint**

- **Identify key activities in creating and delivering service**

- **Define "big picture" and "drill down" to obtain a higher level of detail**

**Advantages of Blueprinting**

- **Distinguish between "frontstage" and "backstage"**

- **Clarify interactions between customers and staff, and support by backstage activities and systems**

- **Identify potential <span style="color:red">fail points</span>; take preventive measures; prepare contingency**

- **Pinpoint stages in the process where customer commonly have to wait (<span style="color:red">wait points</span>)**

# Key Components of a Service Blueprint

1. Define standards for front-stage activities
2. Specify physical evidence
3. Identify main customer actions
4. Line of interaction (customers and front-stage personnel)
5. Frontstage actions by customer-contact personnel
6. Line of visibility (between front stage and backstage)
7. Backstage actions by customer contact personnel
8. Support processes involving other service personnel
9. Support processes involving IT

- Identify fail points and risks of excessive waits

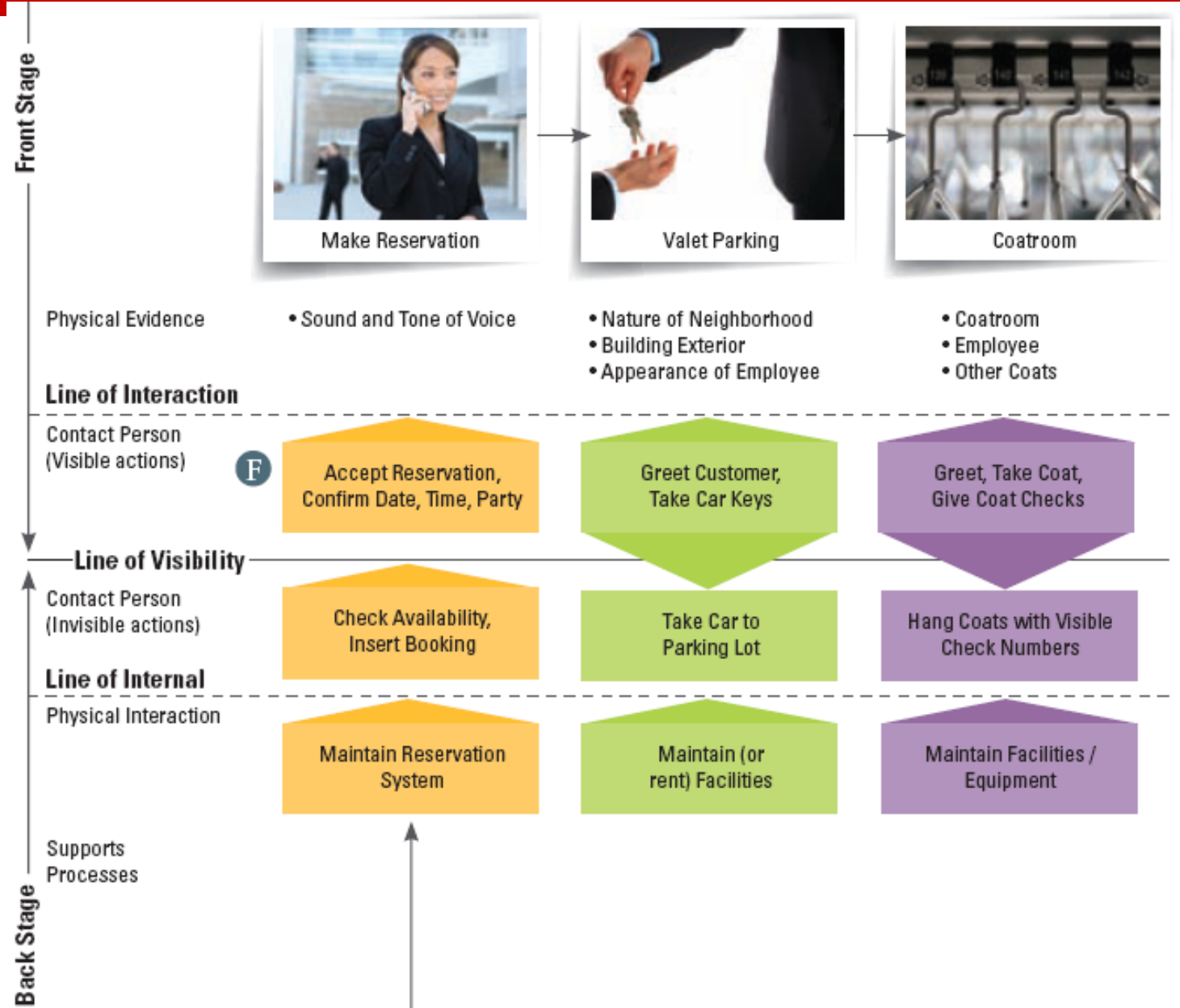- Failure-proofing and wait minimization/occupation

# Blueprinting The Restaurant Experience: A Three-Act Performance

- **Act 1: Introductory Scenes**

- **Act 2: Delivery of Core Product**

  → **Cocktails, seating, order food and wine, wine service**

  → **Potential fail points: Menu information complete? Menu intelligible? Everything on the menu actually available?**

  → **Mistakes in transmitting information a common cause of quality failure – e.g. bad handwriting; poor verbal communication**

  → **Customers may not only evaluate quality of food and drink, but how promptly it is served, serving staff attitudes, or style of service**

- **Act 3: The Drama Concludes**

  → **Check presented, customer pays, takes keys/coat and leaves**

  → **Customer expectations: accurate, intelligible and prompt bill, payment handled politely, guests are thanked for their patronage**

# Blueprinting the Restaurant Experience: Act 1



Make Reservation → Valet Parking → Coatroom

**Front Stage**

**Physical Evidence**
- Sound and Tone of Voice
- Nature of Neighborhood
- Building Exterior
- Appearance of Employee
- Coatroom
- Employee
- Other Coats

**Line of Interaction**

**Contact Person (Visible actions)** F
- Accept Reservation, Confirm Date, Time, Party
- Greet Customer, Take Car Keys
- Greet, Take Coat, Give Coat Checks

**Line of Visibility**

**Contact Person (Invisible actions)**
- Check Availability, Insert Booking
- Take Car to Parking Lot
- Hang Coats with Visible Check Numbers

**Line of Internal**

**Physical Interaction**
- Maintain Reservation System
- Maintain (or rent) Facilities
- Maintain Facilities / Equipment

**Supports Processes**

**Back Stage**

# Improving Reliability of Processes by Failure Proofing

- **Identify fail points**

- **Analysis of reasons for failure often reveals opportunities for failure proofing to reduce/eliminate future risk of errors**

- **Need fail-safe methods (poka-yokes) for both employees and customers**

- **Customer poka-yokes focus on preparing the customer for:**

  → **The encounter**

  → **Understanding and anticipating their roles**

  → **Selecting the correct service or transaction**

*"Institutions are like steel beams—they tend to rust. What was once smooth and shiny and nice tends to become rusty."*

*Mitchell T. Rabkin MD,
formerly president of
Boston's Beth Israel Hospital*

# Why Redesign? (2)

- **Revitalizes process that has become outdated**

- **Changes in external environment make existing practices obsolete and require redesign of underlying processes**

  ➔ **Creation of brand-new processes to stay relevant**

- **Rusting occurs internally**

  ➔ **Natural deterioration of internal processes; creeping bureaucracy; evolution of spurious, unofficial standards**

  ➔ **Symptoms:**

    - **Extensive information exchange**

    - **Data that is not useful**

    - **High ratio of checking or control activities to value-adding activities**

    - **Increased exception processing**

    - **Customer complaints about inconvenient and unnecessary procedures**
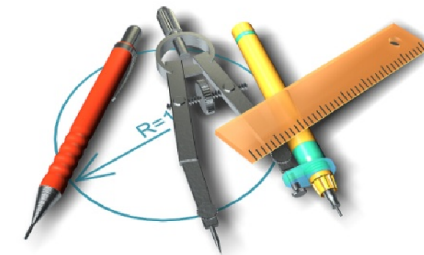
# Process Redesign: Approaches and Potential Benefits (1)

- **Eliminating non-value-adding steps**

  → **Simplify front-end and back-end processes with goal of focusing on benefit-producing part of service encounter**

  → **Get rid of non-value adding steps**

  → **Improve productivity and customer satisfaction**

- **Shifting to self-service**

  → **Increase in productivity and service quality  (sometimes!)**

  → **Lower costs**

  → **Enhance technology reputation**

  → **Differentiates company**

# Levels of Customer Participation (1)

- **Customer Participation**

  ➔ **Actions and resources supplied by customers during service production and/or delivery**

  ➔ **Includes mental, physical, and even emotional inputs**

# Levels of Customer Participation

- **3 levels**

  → **Low – Employees and systems do all the work**

    - **Often involves standardized service**

    - **Examples: housecleaning by maid**

  - **Medium – Customer helps firm create and deliver service**

    - **Provides needed information and instructions**

    - **Make some personal effort; shares physical possessions**

    - **Examples: Massage treatment, hair cut**

  → **High – Customer works actively with provider to co-produce the service**

    - **Service cannot be created without customer's active participation**

    - **Customer can jeopardize quality of service outcome**

    - **Examples: weight loss, marriage counseling, education**

# Customers as "Partial Employees"

- **Customers can influence productivity and quality of service processes and outputs**

- **Customers need to have relevant service production competencies**

- **Customers with adequate skills need to be recruited**

- **For the relationship to last, both parties need to cooperate with each other**

# Self-Service Technologies (SSTs)

- **Ultimate form of customer involvement**

  → **Customers undertake specific activities using facilities or systems provided by service supplier**

  → **Customer's time and effort replace those of employees**

    - **e.g. automated checkout, Internet-based services, ATMs, self-service gasoline pumps**

  → **Challenge: getting customers to try this technology**

# Psychological Factors Related to the use of SSTs

- **SSTs advantages**

  → **Time savings**

  → **Cost savings**

  → **Flexibility**

  → **Convenience of location**

  → **Greater control over service delivery**

  → **High perceived level of customization**

- **SSTs disadvantages**

  → **Anxiety and stress experienced by customers who are uncomfortable with using them**

  → **Some see service encounters as social experiences and prefer to deal with people**

# What Aspects Of SSTs Please Or Annoy Customers?

- **People love SSTs when…**

  - ➔ **SST machines are conveniently located and accessible 24/7—often as close as nearest computer!**

  - ➔ **Obtaining detailed information and completing transactions can be done faster than through face-to-face or telephone contact**

  - ➔ **People in awe of what technology can do for them when it works well**

- **People hate SSTs when…**

  - ➔ **SSTs fail – system is down, PIN numbers not accepted, etc**

  - ➔ **Poorly designed technologies that make service processes difficult to understand and use**

  - ➔ **they mess up - forgetting passwords; failing to provide information as requested; simply hitting wrong buttons**

- **Does the SST work reliably?**

  ➢ Firms must ensure that SSTs are dependable and user-friendly

- **Is the SST better than interpersonal alternatives?**

  ➢ Customers will stick to conventional methods if SST doesn't create benefits for them

- **If it fails, what systems are in place to recover?**

  ➢ Always provide systems, structures, and technologies that will enable prompt service recovery when things go wrong