

# Chapter 8: Designing and Managing Service Processes



# Overview of Chapter 8



- **Flowcharting Customer Service Processes**
- **Blueprinting Services to Create Valued Experiences and Productive Operations**
- **Service Process Redesign**
- **The Customer as Co-Producer**
- **Self-Service Technologies**

# Flowcharting Customer Service Processes

# Flowcharting Service Delivery Helps to Clarify Product Elements

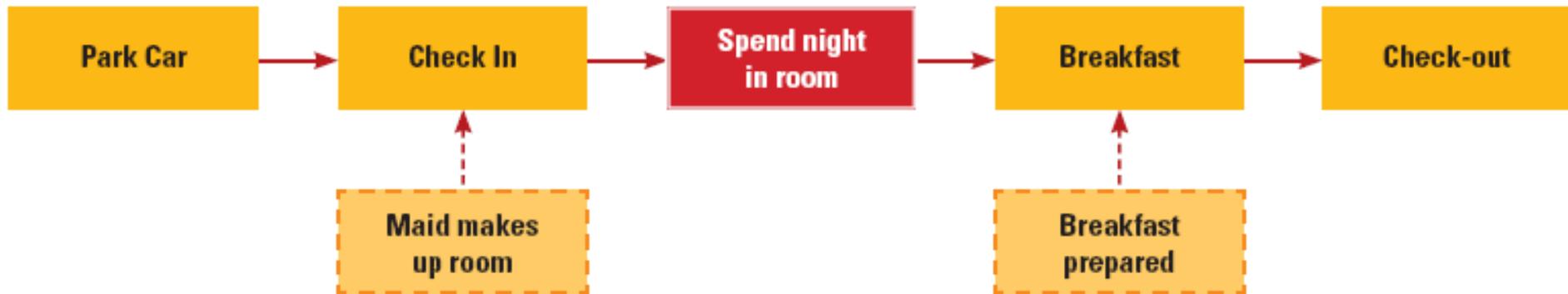


- **Technique for displaying the nature and sequence of the different steps in delivery service to customers**
- **Offers way to understand total customer service experience**
- **Shows how nature of customer involvement with service organizations varies by type of service:**
  - ➔ **People processing**
  - ➔ **Possession processing**
  - ➔ **Mental Stimulus processing**
  - ➔ **Information processing**

# Flowcharts for People and Possession Processing Services



## PEOPLE PROCESSING - STAY AT MOTEL



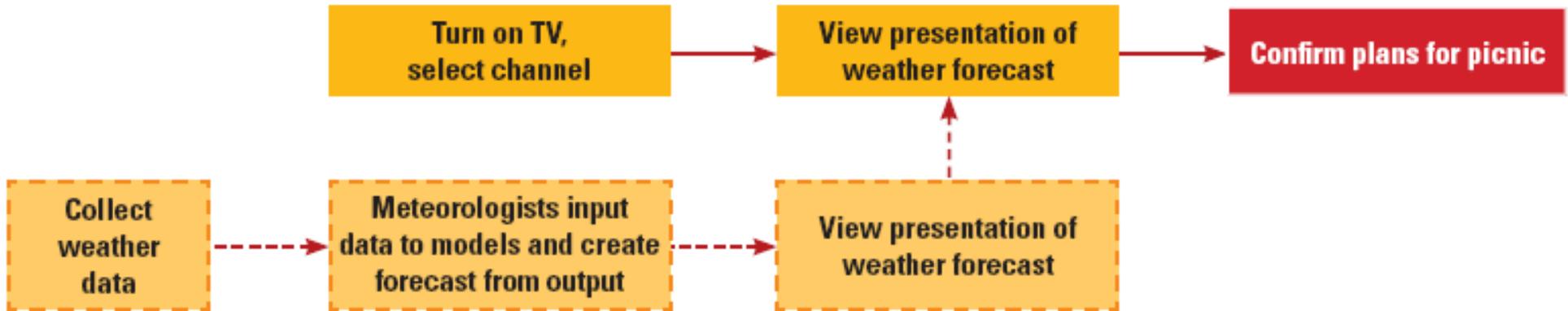
## POSSESSION PROCESSING - REPAIR A DVD PLAYER



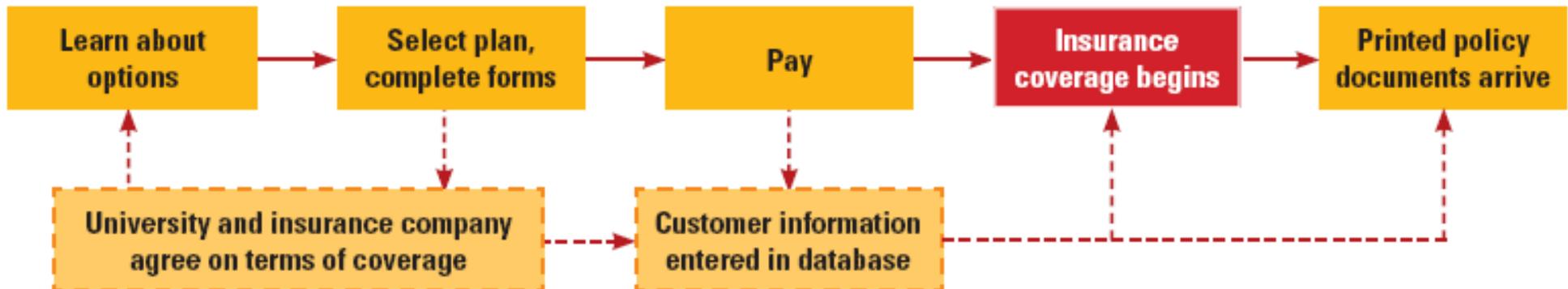
# Flowcharts for Mental Stimulus and Information Processing Services



## MENTAL STIMULUS PROCESSING - WEATHER FORECAST



## INFORMATION PROCESSING - HEALTH INSURANCE



# Blueprinting Services to Create Valued Experiences and Productive Operations

# Developing a Blueprint



- **Developing a Blueprint**

- Identify key activities in creating and delivering service
- Define “big picture” before “drilling down” to obtain a higher level of detail

- **Advantages of Blueprinting**

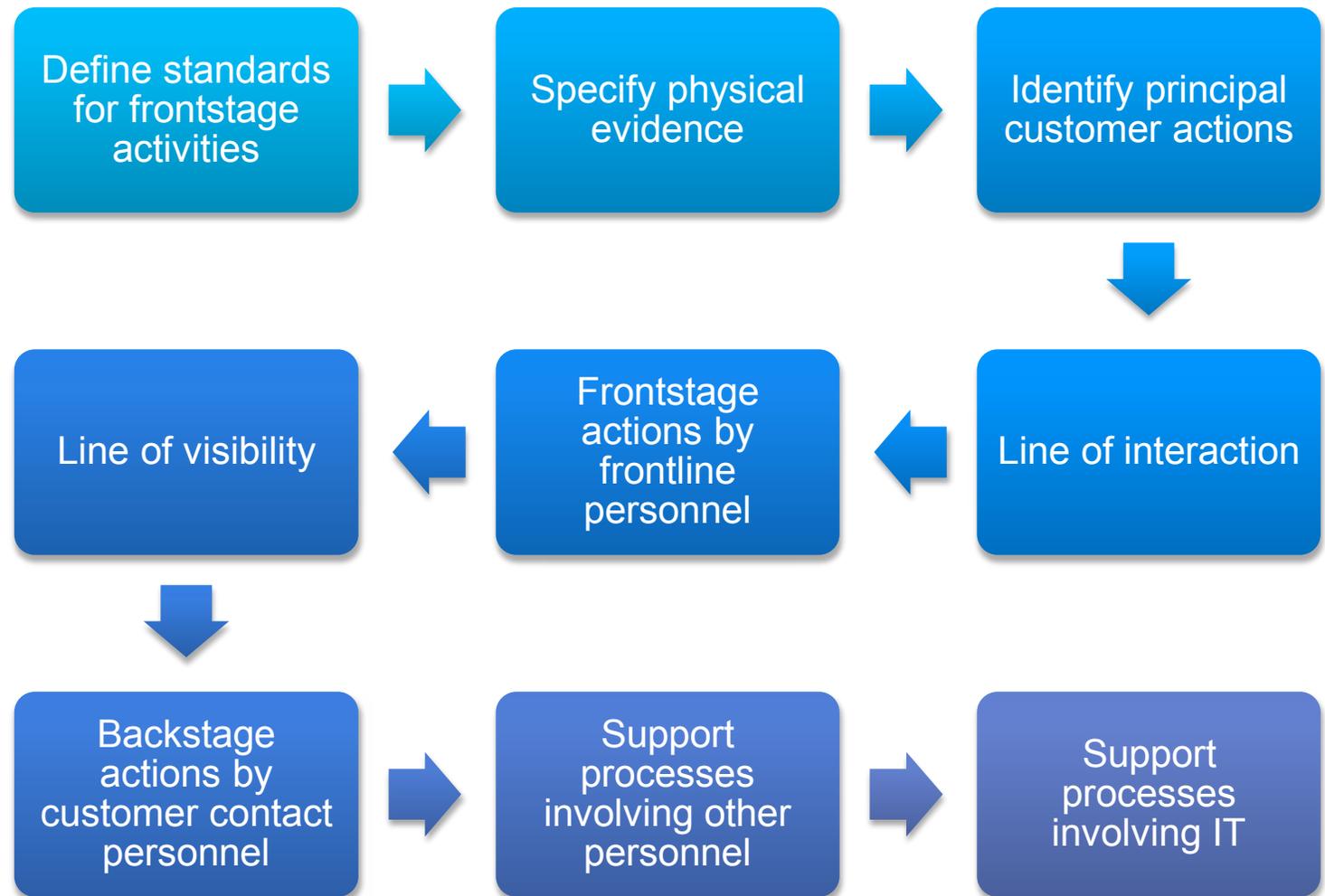
- Distinguish between “frontstage” and “backstage”
- Clarify interactions and support by backstage activities and systems
- Identify potential fail points; take preventive measures; prepare contingency
- Pinpoint stages where customers commonly have to wait

# Key Components of a Service Blueprint



## Objectives:

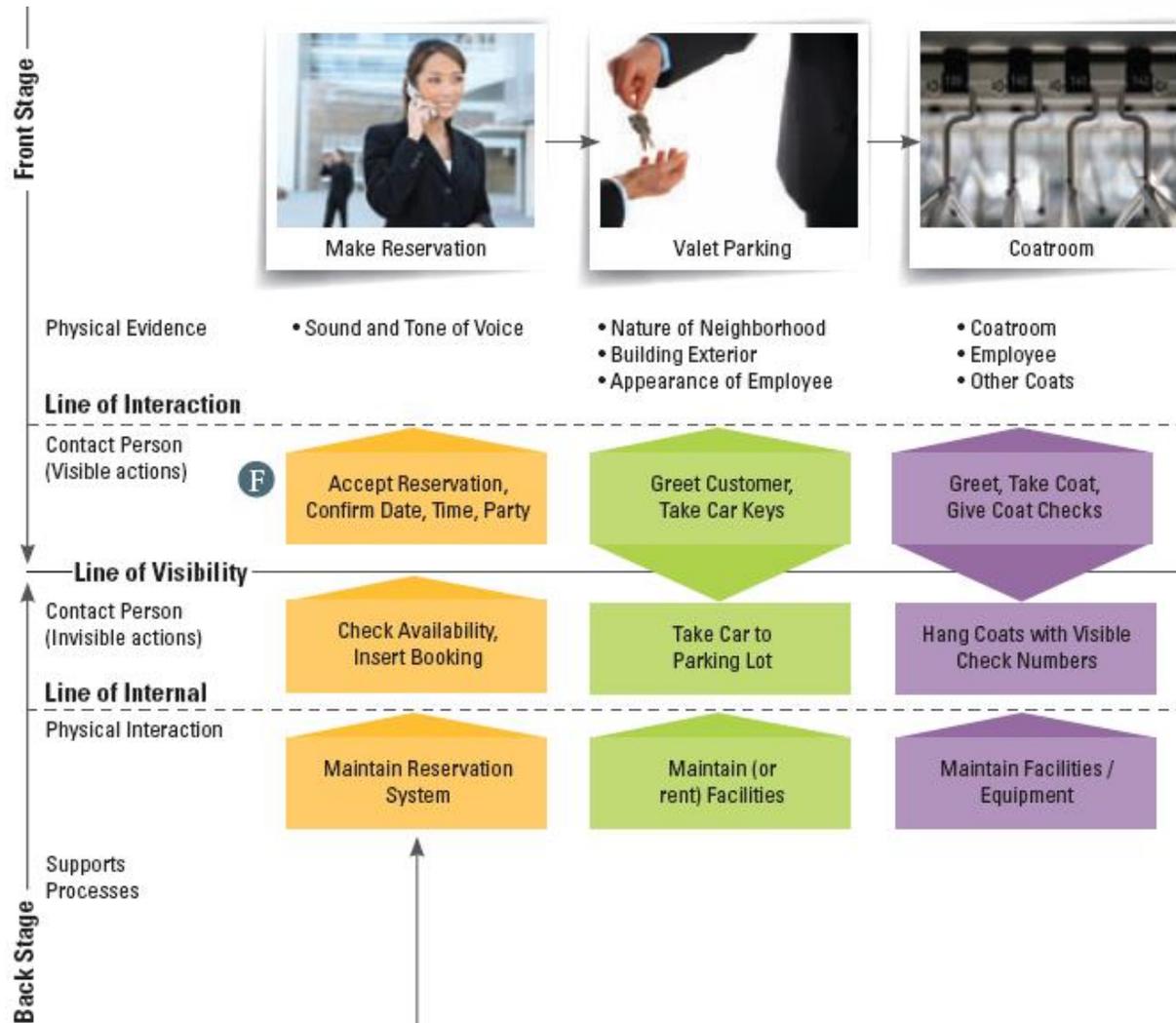
- Identify fail points & risks of excessive waits
- Set service standards
- Fail-proof process



# Blueprinting the Restaurant Experience: Act 1



## Services Marketing



# Blueprinting the Restaurant Experience: A Three-Act Performance



- **Act 1: Prologue and 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
  - ➔ Customers may not only evaluate quality of food and drink, but how promptly it is served or serving staff attitudes
- **Act 3: The Drama Concludes**
  - ➔ Remaining actions should move quickly and smoothly, with no surprises at the end
  - ➔ Customer expectations: accurate, intelligible and prompt bill, payment handled politely, guest are thanked for their patronage

# Improving Reliability of Processes Through Fail-Proofing



- Identify fail points
- Analysis of reasons for failure reveals opportunities for failure-proofing to reduce/eliminate future errors
- Need fail-safe methods for both employees and customers

# Setting Service Standards and Targets



- **Service providers set standards for each step sufficiently high to satisfy and even delight customers**
  - ➔ **Include time parameters, script and prescriptions for appropriate style and demeanor**
  - ➔ **Must be expressed in ways that permit objective measurement**
- **Performance targets – specific process and team performance targets for which staff are responsible for**
- **Evaluated based on distinction between standards and targets**

# Setting Service Standards and Targets



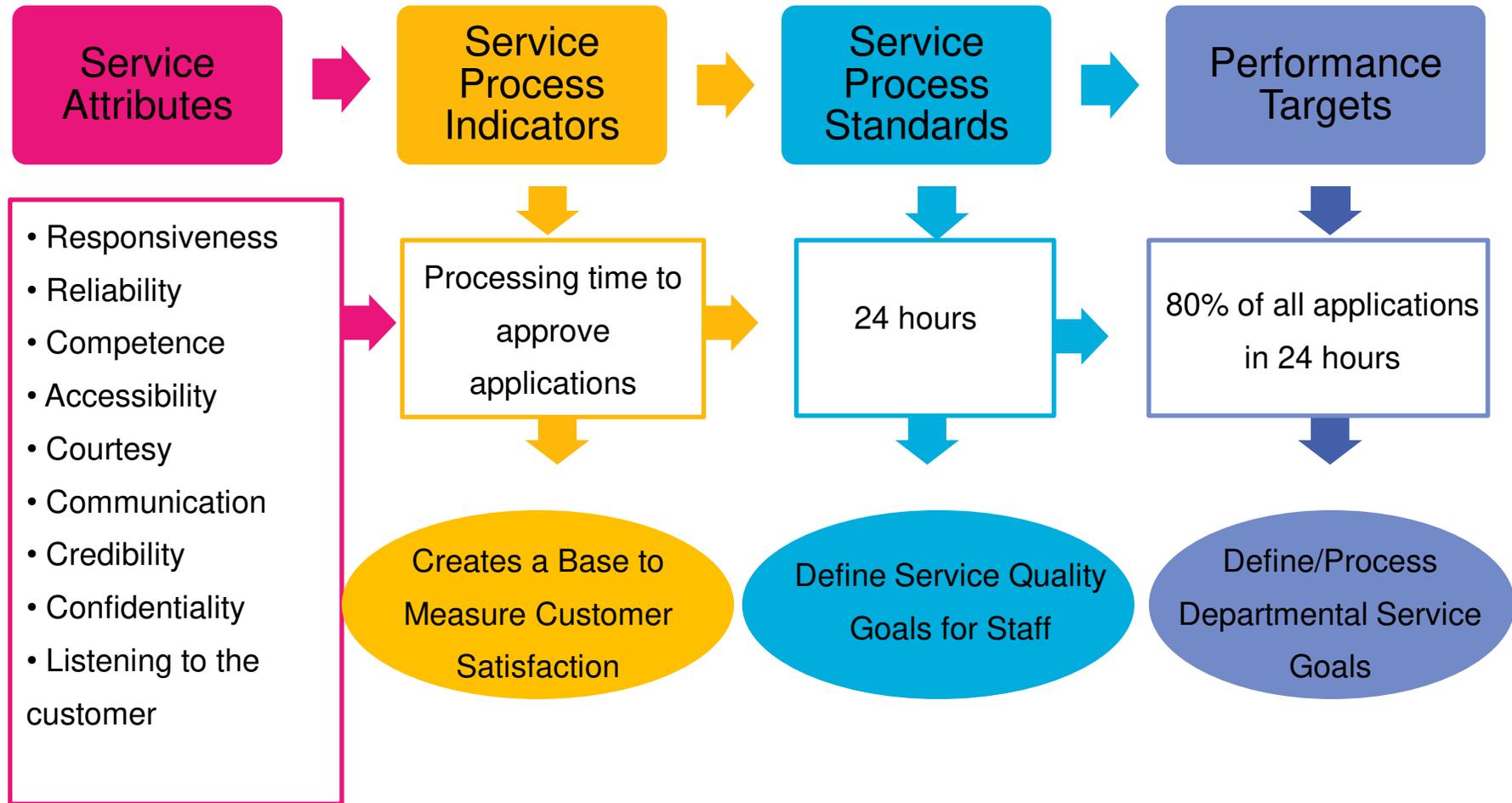
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- **First impression is important**
  - ➔ **Affects customer's evaluations of quality during later stages of service delivery as customer perceptions of service experiences tend to be cumulative**
- **For low-contact service, a single failure committed front stage is relatively more serious than in a high-contact service**

# Setting Standards and Targets for Customer Service Processes



Services Marketing



# Redesigning Service Processes

# Why Redesign?



- **Revitalizes process that has become outdated**
- **Changes in external environment make existing practices obsolete and require redesign of underlying processes**
- **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 control activities to value-adding activities*

# Why Redesign?



“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,  
former president of Boston’s Beth Israel Hospital**

# Why Redesign?



- **Redesign aims to achieve these performance measures:**
  - ➔ **Reduced number of service failures**
  - ➔ **Reduced cycle time from customer initiation of a service process to its completion**
  - ➔ **Enhanced productivity**
  - ➔ **Increased customer satisfaction**

# Process Redesign: Approaches and Potential Benefits



## Eliminating non-value-adding steps

- Streamline front-end and back-end processes of services
- Improve productivity and customer satisfaction

## Shifting to self-service

- Increase in productivity and service quality
- Lower costs and perhaps prices
- Enhance technology reputation
- Differentiates company

## Delivering direct service

- Improve convenience for customers
- Productivity can be improved by eliminating expensive retail locations
- Increase customer base

# Process Redesign: Approaches and Potential Benefits



## Bundling services

- Involves grouping multiple services into one offer, focusing on a well-defined customer group
- A better fit to the needs of target segment
- Increase productivity with customized service
- Increase per capita service use

## Redesigning physical aspects of service process

- Focus on tangible elements of service process (facilities and equipment)
- Increase convenience
- Enhance satisfaction and productivity of frontline staff
- Cultivate interest in customers

# The Customer as Co-Producer

# Levels of Customer Participation



**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

**Medium** – Customer inputs required to assist provider

- Provide needed information and instructions
- Make some personal effort; share physical possessions

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

- Involves standardized work

# Customers as Partial Employees



- **Customers can influence productivity and quality of service processes and outputs**
- **Customers not only bring expectations and needs but also need to have relevant service production competencies**
- **For the relationship to last, both parties need to cooperate with each other**

# Managing Customers



## Services Marketing

### Recruitment and Selection

- Recruit customers that possess the competency to perform the necessary tasks

### Job Analysis

- Are customers aware of their roles and equipped with the required skills?

### Education and Training

- Information required for them to perform their roles via instructions or video demonstration

### Motivate

- Ensure that they will be rewarded for good performance

### Appraise

- For sub-par performances, improve customer training or change the role or process

### Ending

- Last resort: if customer is non compliant consider termination of the relationship

# Self-Service Technologies

# Self-Service Technologies (SSTs)



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- SSTs are **the ultimate form** of customer involvement where customers undertake specific activities using facilities or systems provided by service supplier
  - Customer's time and effort replace those of employees
- Information-based services lend selves particularly well to SSTs
  - Used in both supplementary services and delivery of core product

# Self-Service Technologies (SSTs)



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**Many companies and government organizations seek to divert customers from employee contact to Internet-based self-service**

## Advantages:

- Time and Cost savings
- Flexibility
- Convenience of location
- Greater control over service delivery
- High perceived level of customization

## 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 the nearest computer!
- Obtaining detailed information and completing transactions can be done faster than through face-to-face or telephone contact

## People hate SSTs when...

- SSTs fail – system is down, PIN numbers not accepted, etc.
- Customers themselves mess up – forgetting passwords; failing to provide information as requested; simply hitting wrong buttons

**Key weakness: Few firms incorporate service recovery systems such that customers are still forced to make telephone calls or personal visits**

# Putting SSTs to Test by Asking a Few Simple Questions



- **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 fail**

# Managing Customer's Reluctance to Change



- **Increasing customer's participation level in a service can be difficult**
- **Marketing communications to be used to:**
  - ➔ **Prepare customer for change**
  - ➔ **Explain the rationale and benefits**
  - ➔ **What customers need to do differently in the future**

# Summary



- **Service blueprinting can be used to design a service and create a satisfying experience for customers. Key components of the blueprint include:**
- **Blueprinting a restaurant (or other service) can be a three-act performance**
  - ➔ **Prologue and introductory scenes**
  - ➔ **Delivery of the core product**
  - ➔ **Conclusion of the drama**

# Summary



- **Service standards and targets are different and can be used to evaluate performance**
- **Service process redesign reduces service failure and enhances productivity**
- **When the customer is a co-producer, issues to consider are**
  - ➔ **Levels of customer participation**
  - ➔ **Self-service technologies (SST)**
  - ➔ **Psychological factors in customer co-production**
  - ➔ **Aspects of SST that please or annoy customers**