



# SERVICE MARKETING

## CHAPTER 8: DESIGNING AND MANAGING SERVICE PROCESSES

# OVERVIEW

**8.1 Flowcharting Customer Service Processes**

**8.2 Blueprinting Services to Create Valued Experiences and Productive Operations**

**8.3 Service Process Redesign**

# FLOWCHARTING CUSTOMER SERVICE PROCESSES

# PERSPECTIVE OF SERVICES

## Customer's perspective

Services are experiences  
(e.g., calling a customer contact center or visiting a library)

## Organization's perspective

Services are processes that have to be designed and managed to create the desired customer experience



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# WHAT IS PROCESS AND WHY IT IS MATTER?

**Processes:** The **method and sequence** in which **service operating systems work** and specify how they link together to create the value proposition promised to customers

**Firm must avoid badly designed processes** such as result in slow, frustrating, and poor-quality service delivery so the customers would not feel annoyed

Poor processes make it difficult for frontline employees to do their jobs well, result in low productivity, and increase the risk of service failures

# FLOWCHARTING AS A SIMPLE TOOL TO DOCUMENT SERVICE PROCESSES

**Flowcharting:** **Technique for displaying** the nature and sequence of the **different steps in delivery service** to customers that offers way to understand total customer service experience

Flowcharting shows how nature of customer's involvement with service organizations varies by type of service:

1. People processing
2. Possession processing
3. Mental Stimulus processing
4. Information processing

# ELEMENTS OF SERVICE PRODUCTS

Can we charge more for higher service levels? For example:

- Faster response and execution
- Better physical amenities
- Easier access
- Higher staffing levels
- Superior caliber personnel



**VS**

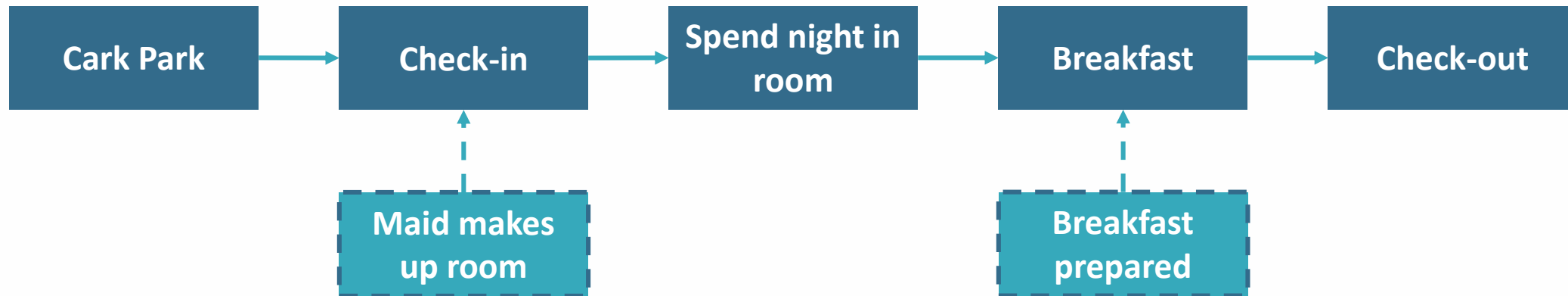
Source:

(1) <https://images.detik.com/community/media/visual/2016/07/27/c32df765-33fe-4e74-857d-146d72a9ed35.jpg?w=830>

(2) <http://pedulimuslim.com/wp-content/uploads/2013/04/dapur-dalam.jpg>

# FLOWCHARTS FOR PEOPLE PROCESSING SERVICES

## PEOPLE PROCESSING – STAY AT MOTEL



In this case, you were deciding to stay at a motel after a long drive. After arriving at the motel, you would do some kind of activities such as park the car, check in, spend the night in room, get breakfast, and check out. Meanwhile, the motel management would makes up the room and prepare breakfast



# FLOWCHARTS FOR POSSESSION PROCESSING SERVICES

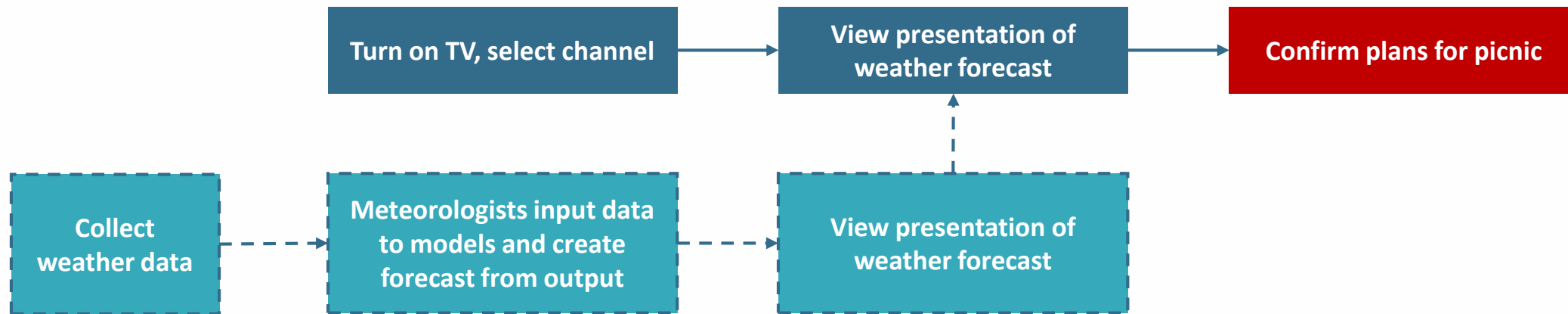
## POSSESSION PROCESSING – REPAIR A DVD PLAYER



In this case, you were going to repair your DVD Player. In order to repair it, you would travel to the store, asking the technician to examine the problem, leave the store until the the player is ready, return to pick up the player and pay for the service, and then play the DVD Player at home. Meanwhile, the technician would do his/her job from the examine process until the payment process completed

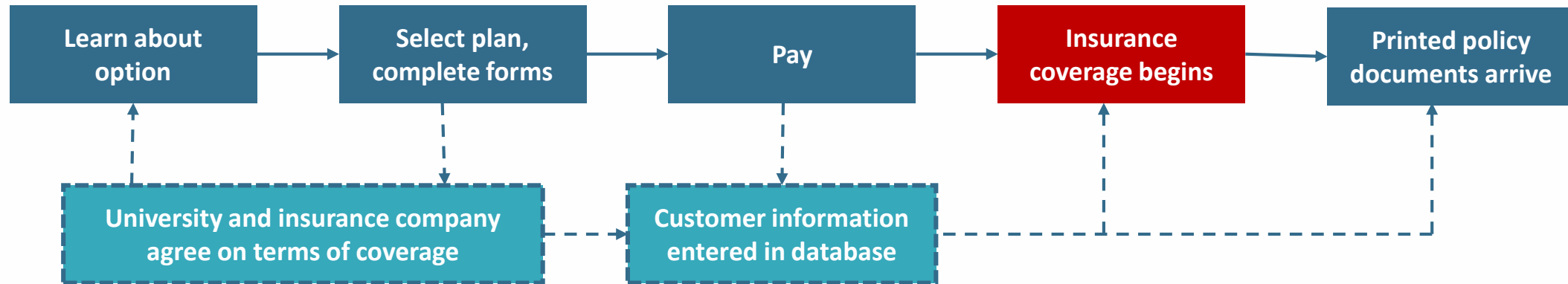
# FLOWCHARTS MENTAL STIMULUS PROCESSING SERVICES

## MENTAL STIMULUS PROCESSING – WEATHER FORECAST



In this case, you were planning to go picnic with your friends and decide to check the weather forecast on TV. The process that you do would be turn on the TV and select the channel, view the presentation of weather forecast, and confirm plans for picnic. Meanwhile, the meteorologist would probably collect the weather data before you were even planning for picnic, input the data to models, create forecast from output, and view the presentation to the viewers

# FLOWCHARTS FOR INFORMATION PROCESSING SERVICES



In this case, you would like to apply health insurance available for students. To get the most suitable options, you would learn about it first, then select the plan and complete the form, pay the bills, insurance coverage begins, and printed policy documents arrive. The organization include university and insurance company would agree on terms of coverage and input customer information in the database

# INSIGHTS FROM FLOWCHARTING

From those flowcharts, your role as a customer for each of these service products varies sharply from one category to another:

1. **People processing** – involve *physical processes* that the quality of service **could be judged** based on the physical appearance
2. **Possession processing** – involve *physical processes* but **limited to ensure** the quality and have to trust the organization's competence
3. **Mental Stimulus processing** – are *information based processing* which delivery **only take minutes** and can act on it immediately
4. **Information processing** - are *information based processing* which **take more time** and mental effort

# BLUEPRINTING SERVICES TO CREATE VALUED EXPERIENCES AND PRODUCTIVE OPERATIONS

# BLUEPRINTING

**Blueprinting:** A key *tool to design new services* (or redesign existing ones) that specifies in detail how a service process should be constructed, what is visible to the customer and where there are potential fail points in the service process

To design services that are satisfying for customers and operationally efficient, *marketers and operations specialists need to work together* and a *blueprint can provide a perspective and language to the various departments involved*

# DEVELOPING A BLUEPRINT

## Developing a Blueprint requires:

1. Identify key activities in creating and delivering service
2. Define “big picture”
3. “Drilling down” to obtain a higher level of detail



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# DEVELOPING A BLUEPRINT EXAMPLE

In an airline context, the passenger activity of “boards aircraft” is decomposed in steps as:

1. Wait for seat rows to be announced
2. Give agent boarding pass for verification
3. Walk down jet way
4. Enter aircraft
5. Let flight attendant verify boarding pass
6. Find a seat
7. Stow carry-on bag
8. Sit down



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# ADVANTAGES OF BLUEPRINTING

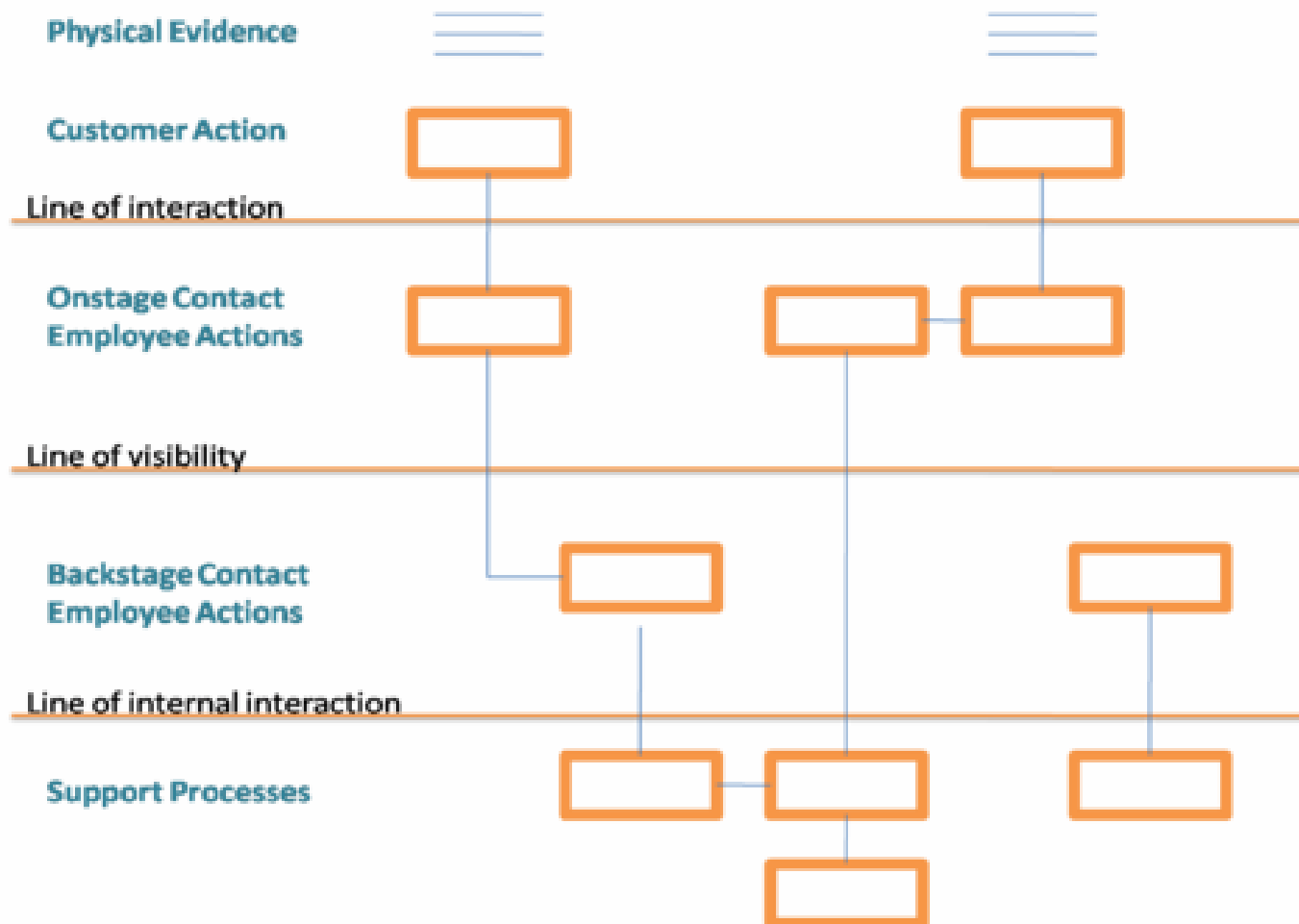
Distinguish between “frontstage” and “backstage”

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

# BLUEPRINTING MODEL

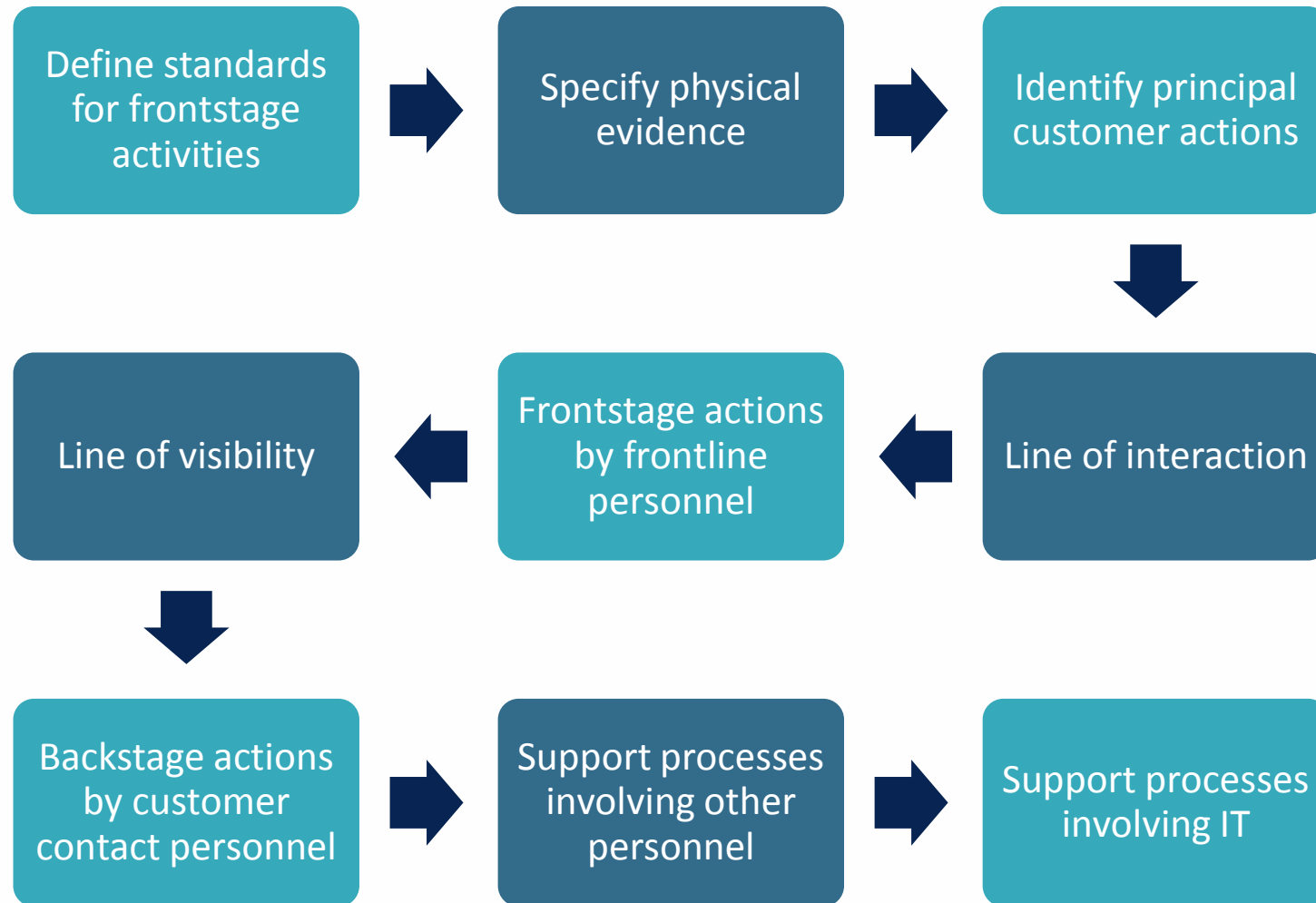


Blueprint allows several parts of the company to be involved in the service development process

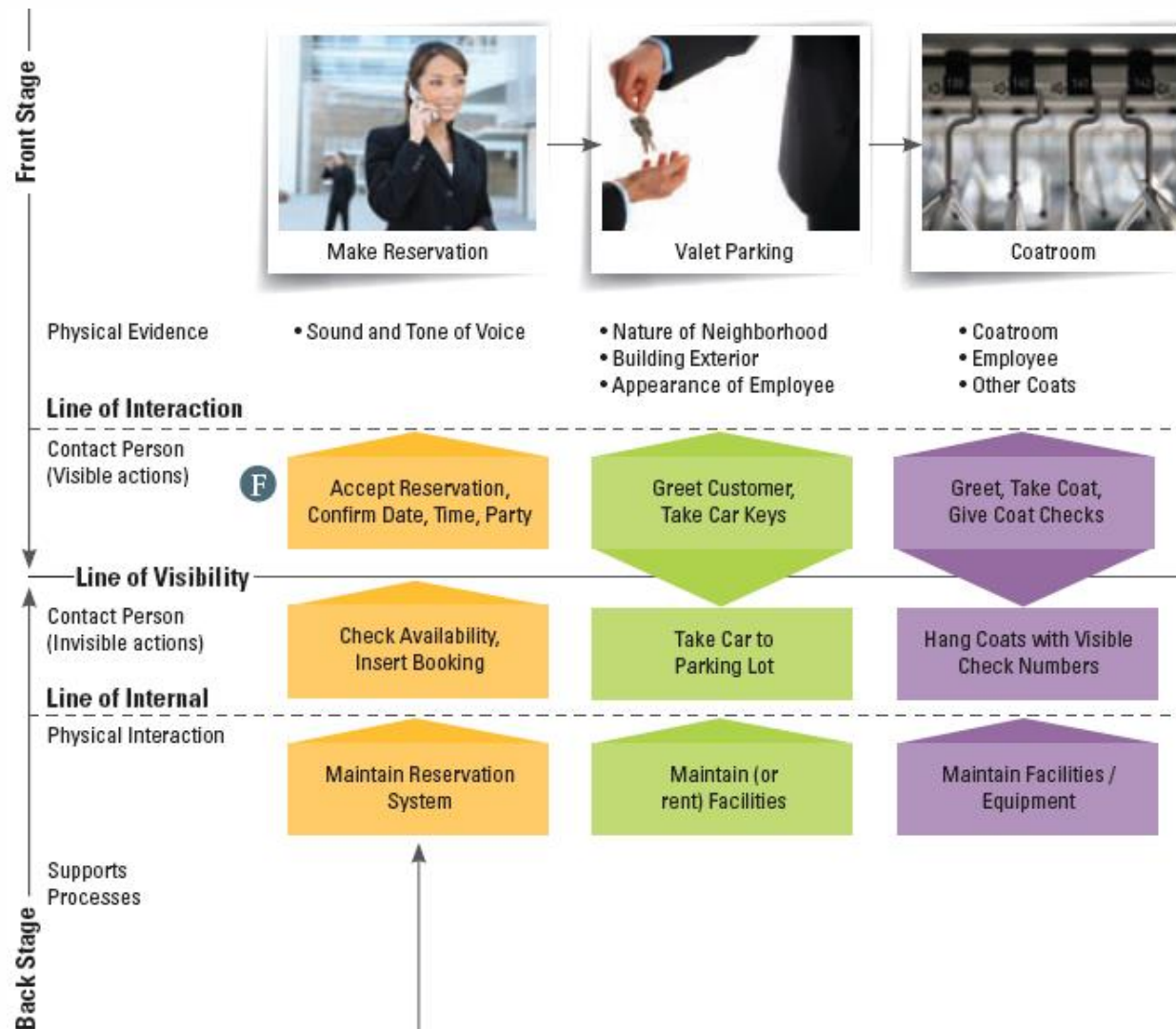
# KEY COMPONENTS OF A SERVICE BLUEPRINT

## Objectives:

1. Identify fail points & risks of excessive waits
2. Set service standards
3. Fail-proof process



# BLUEPRINTING THE RESTAURANT EXPERIENCE: ACT 1



Restaurant blueprinting consist backstage and frontstage activities. In the frontstage, there are make reservation, valet parking, and coatroom. Each activities has physical evidence, contact person, ang physical interaction

# 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

# IDENTIFYING FAIL POINTS

From a customer perspective, **the most serious fail points** are those that will result in **failure to access or enjoy the core product**

**Since service delivery takes place over time**, there is also the possibility of delays between specific actions, requiring the customers to wait

In practice, **every step in the process**—both front-stage and back-stage—has some potential for failures and delays.

KEY



Points Fail



Risk of Excessive Wait  
(Standard times should specify limits.)

# FAILURE PROOFING

Firm need to conduct careful analysis of the reasons for failure in service processes for “**failure proofing**” certain activities in order to reduce or even eliminate the risk of errors



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Surgical instrument trays have indentations for each instrument. For a given operation, all of the instruments are nested in the tray so it is clear if the surgeon has not removed all instruments from the patient before closing the incision

# POKA YOKES

## Poka-Yokes: **Methods** to **prevent errors** in manufacturing processes

### Server poka-yokes

ensure that service employees do things correctly in the right order and at the right speed



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### Customer poka-yokes

focus on preparing the customer for the encounter, understanding their role in the service transaction, and selecting the correct service



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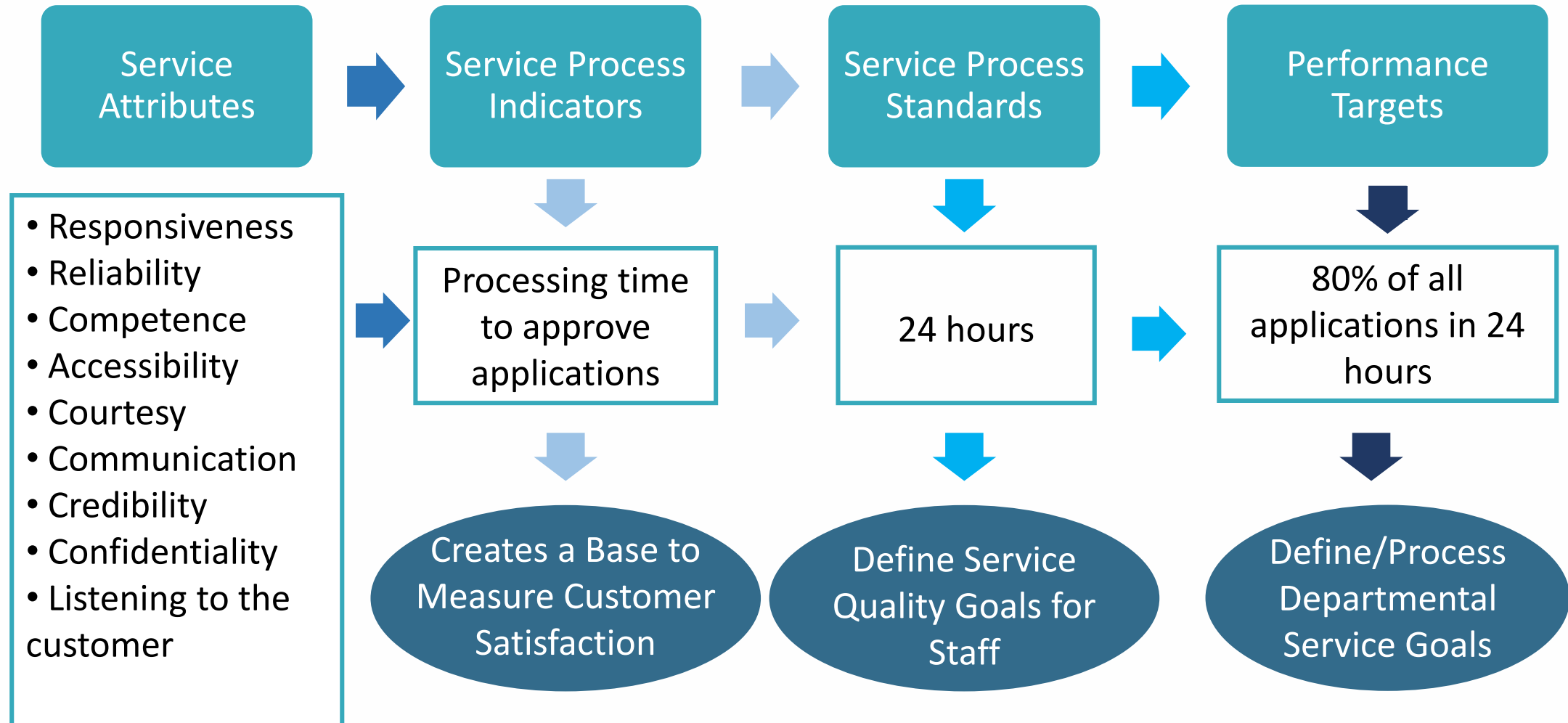
# SETTING SERVICE STANDARDS AND TARGET

**“What is not measured is not managed”**

**Standards** must be expressed in ways that *permit objective measurement*. Process performance needs to be monitored against standards, and compliance targets need to be determined

**Important service quality attributes** can be operationalized via *service quality indicators* and create a *basis for monitoring process performance*

# SETTING STANDARDS AND TARGETS FOR CUSTOMER SERVICE PROCESSES



# SERVICE PROCESS REDESIGN

# WHY REDESIGN SERVICE PROCESS?

Service process redesign revitalizes processes that have become outdated because the changes in technology, customer needs, added service features, and new offerings

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

- Mitchell T. Rabkin MD, former president of Boston's Beth Israel Hospital



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# REASONS OF “INSTITUTIONAL RUST” SITUATION

## 1. Changes in the external environment

New forms of competition, legislation, technology, policies, and evolving customer needs that make existing practices obsolete



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The National Library Board of Singapore (NLB) transform its library service using the advanced technologies to expand its service and go virtual. It redesign includes electronic library management system based on RFID and “Smart bookshelves”

# REASONS OF “INSTITUTIONAL RUST” SITUATION (2)

## 2. Changes in the internal environment

Natural deterioration of internal processes, creeping bureaucracy, or the evolution of spurious, unofficial standard

### Symptoms:

- Extensive information exchange
- Data that is not useful
- High ratio of checking control activities to value-adding activities
- Increased exception processing
- Growing numbers of customer complaints about inconvenient and unnecessary procedures

# REDESIGN KEY PERFORMANCE MEASURE

Redesign focus on achieving the following key performance measures:

1. **Reduced** number of *service failures*
2. **Reduced** *cycle time* from customer initiation of a service process to its completion
3. **Enhanced** *productivity*
4. **Increased** *customer satisfaction*

Ideally, redesign efforts should achieve all of the four measures simultaneously

# TYPE OF REDESIGN EFFORTS

## Elimination of non value-added steps (streamlines process)

### Challenges

- Requires customer education
- and employee training to implement
- smoothly and effectively

## Company Benefits

Improves efficiency, Increases productivity, Increases ability to customize service, Differentiates company

## Customer Benefits

Improves efficiency & speed, Shifts tasks from customer to service firm, Separates service activation from delivery, Customizes service



# TYPE OF REDESIGN EFFORTS (2)

## Self-service (customer assumes role of producer)

### Challenges

- Must prepare customers for the role
- Limits face-to-face interaction and opportunities to build relationships
- Harder to get customer feedback

### **Company Benefits**

Lowers cost, Improves productivity, Enhances technology reputation, Differentiates company

### **Customer Benefits**

Increases speed of service, Improves access, Saves money, Increases perception of control

# TYPE OF REDESIGN EFFORTS (3)

## Direct service (service delivered to the customer's location)

### Challenges

- Imposes logistical burdens
- May be costly
- Needs credibility and trust

### **Company Benefits**

Eliminates store location limitations,  
Expands customer base, Differentiates company

### **Customer Benefits**

Increases convenience, Improves access

# TYPE OF REDESIGN EFFORTS (4)

## Bundled service (combines multiple services into a package)

### Challenges

- Requires extensive knowledge of targeted customers
- May be perceived as wasteful

### Company Benefits

Differentiates company, Aids customer retention, Increases per capita service use

### Customer Benefits

Increases convenience, Customizes service

# TYPE OF REDESIGN EFFORTS (5)

**Physical service (manipulation of tangibles associated with the service)**

## Challenges

- Easily imitated
- Requires expense to effect and maintain
- Raises customer expectations for the industry

## **Company Benefits**

Improves employee satisfaction, Increases productivity, Differentiates company

## **Customer Benefits**

Increases convenience, Enhances function, Generates interest

# CUSTOMER AS A CO-PRODUCER

**Customers are often involved in the production of services**



**Level of Customer Participation:**

**1. Low Participation Level**

example: cinema

**2. Moderate Participation Level**

example: salon

**3. High Participation Level**

example: consultant

# CUSTOMER AS PARTIAL EMPLOYEES

"If you think of customers as half-employees, you start thinking hard about what you expect customers to bring when they meet your services. **They must bring** not only the expectations and needs but **also the competence of relevant service productions that result in them fulfilling the role of half-employee.** The challenge of service management increases accordingly. "

- Schneider and Bowen

# SELF-SERVICE TECHNOLOGY

The most powerful involvement in the production of services is the customer who performs his or her own production activities through the facilities or systems provided by the company

***This method can result in more efficient service and inexpensive***

## **Advantages:**

1. Time savings
2. Cost savings
3. Flexibility
4. Convenience location
5. Control on service providers
6. higher perception level of customization

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