

COURSE OUTLINE

BMU5014: CONTEMPORARY ISSUES IN BUSINESS – SERVICES MANAGEMENT



Instructor: Professor Jochen Wirtz
Email: jochen@nus.edu.sg
URL: www.jochenwirtz.com
DID: +65-6516 3656

Dear UCLA – NUS EMBA Participants!

Welcome to BMU5014 Contemporary Issues in Business – Services Management! This module has been developed specifically for the UCLA – NUS Executive MBA Program. It contains the essential elements of the management and marketing of services, and serves as a broad introduction to marketing, human resources and operations management.

Because of your extensive work experience, real-life group projects are an integral part of this module. The projects are pre-module assignments, followed by a class presentation. The program office will assign groups of about six to seven members each and email you the groupings shortly. Please then discuss the topics and let me have your 1st, 2nd and 3rd choice of topics a.s.a.p. The topics will be assigned based on relevant work experience as well as your preferences (and random draw if there are ties). The available topics are evaluations and recommendations for the following company initiatives/projects and their implementations:

- ▶ Transition from a goods-centric towards a service-centric firm
- ▶ Membership/Loyalty Program
- ▶ CRM Strategy Design and Implementation
- ▶ Customer Feedback System
- ▶ Customer Service Process Redesign
- ▶ Service Quality Initiative
- ▶ (Lean) Six Sigma Implementation
- ▶ Front Line Staff Strategy & Service Culture Initiative
- ▶ Cost-effective Service Excellence Initiative
- ▶ If you have a specific service-related topic in mind that is not listed here but that complements this module (e.g., on social media or churn management), please let me know.

Before commencing on your assigned topic, please draft the contents, structure and approach to your assignment and then discuss it with me via email and/or phone. We can then work together to scope and focus the project.

I am very much looking forward to meeting you for this exciting module!

Dr Jochen Wirtz

A. Introduction

This 4-day module focuses on the management and marketing of services, and complements the modules Marketing Strategy and Policy, Logistics and Operations Management, and the Management Practicum. Creating and marketing value in today's increasingly service and knowledge-based economy requires an understanding of the powerful design and packaging of 'intangible benefits/ products', high-quality service operation and customer information management processes, motivated and competent front-line staff, and a loyal and profitable customer base), and the development and implementation of a coherent service strategy to transform these assets into improved business performance.

B. Key Objectives

- To provide an appreciation and understanding of the unique challenges inherent in, managing, marketing and delivering service excellence at a profit. Participants will be introduced to and have the opportunity to work with tools and strategies that address these challenges;
- To develop an understanding of the 'state of the art' of service management thinking;
- To promote a customer service-oriented mindset.

C. Content

- Introduction to Services Management – Trends, Opportunities & Capturing Value
- The Service-Profit-Chain
- Managing Customer Loyalty, using the Wheel of Loyalty – Customer Asset Management and Loyalty Programs, CRM, Segmentation & Tiering of Services
- Understanding Service Quality and How to Diagnose Quality Shortfalls
- Improving Service Quality through Complaint Management and Service Recovery
- Designing Effective Customer Feedback Systems
- Managing Service Quality Initiatives & Redesigning Customer Service Processes
- Productizing & Branding the Service Experience
- Designing & Delivering the Service Experience
- Managing People for Service Advantage
- Characteristics of Breakthrough Service Firms

D. Method of Assessment

- Group Project Presentation (assesses understanding of how services marketing applies to the business world and professional presentation skills): 30 %
- Class Participation (assesses critical thinking skills, understanding of how services marketing applies to the business world, and communications skills): 30 %
- Final Examination (open book; assesses conceptual and theoretical understanding of services marketing): 40 %

E. Time Table and Outline of Sessions

Saturday, 18 May, pm

- Session 1 Trends, Opportunities & Capturing Value – The Service Profit Chain
- Read – Lovelock & Wirtz, “New Perspectives on Marketing in the Service Economy,” Chapter 1
- Session 2 Productizing Services & Branding the Service Experience
- Case – Banyan Tree Hotels & Resorts (see Lovelock & Wirtz, Case 4, p. 453)
 - See www.banyantree.com.

Sunday, 19 May, full day

- Session 3 Understanding Service Quality – The Gaps Model
- Read – Lovelock & Wirtz, “Improving Service Quality and Productivity,” Chapter 14
- Session 4 Managing Customer Loyalty I – The Wheel of Loyalty
- Read – Lovelock & Wirtz, “Managing Relationships and Building Loyalty,” Chapter 12
- Session 5 Managing Customer Loyalty II – Customer Base Segmentation, Tiering of Service, CRM & Loyalty Programs
- Case – DHL (see course handout)
 - Group Presentation – Analysis of a Loyalty Program & Recommendations
 - Group Presentation – Assessment of a CRM Strategy & Implementation
- Session 6 Managing Customer Loyalty III – CRM & Loyalty Programs
- Group Presentation – From Goods to Services: The Journey of a Goods-centric Company into the Service Space
- Guest Speaker: Joseph Baladi, CEO, BrandAsian (4:30 to 6 pm – tbc).
- Joe will speak on the challenges of building Asian brands
 - See <http://www.brandasian.com> and <http://www.brandtalkasia.com>
 - Joe will join us for dinner after the talk – please feel free to network with him

Monday, 20 May, pm

- Session 7 Improving Service Quality I – Complaint Management & Service Recovery
- Read – Lovelock & Wirtz, “Complaint Handling & Service Recovery,” Chapter 13

Session 8 Improving Service Quality II – Customer Feedback Systems

- **Group Presentation – Customer Feedback System**

Guest Speaker: Neale O’Conner, Director of The China Lab – Silk Road Associates & Professor, NUS Business School (5:00 to 6:00 pm, tbc)

- Neale will speak on a large scale research project with the title “China Supplier 1000”. The talk will focus on what firms can do to get the best results from their suppliers in China, and ways to mitigate the various types of risks dealing with Chinese suppliers.
- See: <http://www.silkroadassoc.com/>
- Neale will join us for dinner after the talk – please feel free to network with him

Tuesday, 21 May, full day

Session 9 Improving Service Quality III – Customer Service Process Redesign

- **Group Presentation – Customer Service Process Redesign**

Session 10 Improving Service Quality IV – Customer Service Process Redesign (cont’d)

- **Group Presentation – Service Quality Initiative/(Lean) Six Sigma**
- Exam Preparation

Session 11 Cost Effective Service Excellence @ Singapore Airlines

- Read – Heracleous, Wirtz and Pangarkar, Flying High, Chapters 4, 5 and 6
- See http://singaporeair.com/en_UK/about-us and <http://www.youtube.com/watch?v=cZSe-jUgf7I&feature=fvvr>

Session 12 Site Visit to Singapore Airlines (leave NUS at 2:45 pm) (tbc)

Wednesday, 22 May, pm

Session 13 Managing People for Service Advantage I – Understanding & Managing Conflicts in Front Line Roles

- Read – Lovelock & Wirtz, “Managing People for Service Advantage,” Chapter 11
- Exam Preparation

Session 14 Managing People for Service Advantage II – The Service Talent Cycle: Getting HR Right in Service Firms

- Read – Lovelock & Wirtz, “Organizing for Change Management and Service Leadership,” Chapter 15

Thursday, 23 May, pm

- Session 15&16 **Site Visit to Changi Airport (leave NUS at 1:45 pm) (tbc)**
- Host & Speaker: Ivan Tan, SVP Corporate and Marketing Communications. The site visit will focus on the management of a very large and complex service operation with multiple stakeholders
 - See <http://www.changiairport.com/>

Friday, 24 May, pm

- Session 17 Managing People for Service Advantage III – The Cycles of Failure, Mediocrity & Success
Group Presentation – Front Line Staff Management & Service Culture
- Session 18 **Group Presentation – Cost-effective Service Excellence Initiative**

Saturday, 25 May, am

- Session 19 Designing the Service Experience & Service Operations
- **Case – Shouldice Hospital (see Lovelock & Wirtz, Case 10, p. 507)**
 - See www.Shouldice.com
 - **Guest Speaker: Daryl Urquhart, Director of Business Development & Principle at Shouldice Hospital; grandson of the founder; via video link (9:15 to 9:30 am) (tbc)**
- Session 20 Characteristics of Breakthrough Service Firms & Wrap-up of Module
Final Exam

F. Pre-Module Assignments & Group Presentations

The pre-module assignments are a group effort. The key deliverable is a 30-minute class presentation (excl. Q&A) and a self-explanatory PowerPoint deck. All tools, frameworks and other supplementary materials should be provided in the appendix to the main PowerPoint deck. The PowerPoint reports will be shared with all course participants via the NUS Online Learning Environment IVLE (please inform us if the material is confidential).

The class presentation should highlight and sensitize the class to critical issues that are important for the issues/topics at hand. The focus is on application and experience, not on theory which is covered in the text book and lectures. To ensure effective learning for the entire class, please present the key points in 30 minutes or less to allow for class discussion during and after your presentation. The time for Q&A will be limited to 15 minutes; that is, the total air time for each group will be limited to 45 minutes.

Discuss a few case options with me before proceeding with your project beyond the initial research stage. Feel free to use one of the current or former employers of a group member as the case for presentation, and if appropriate, invite their management to your presentation (after discussion with me). Also, please discuss your presentation outline with me before finalizing it.

Group Presentation: Assessment of a Shift from a Goods Centric Company into the Service Space

1. Assess the the journey of a goods-centric company into the service space. Explore:
 - What went well?
 - What could have been done better? What went wrong?
 - What next steps do you recommend from the status quo?
 - Determine the critical success factors for moving a company from being goods-centric towards a service-centric organization.

Group Presentation: Assessment of a Membership/Loyalty Program

1. Assess the effectiveness of a Loyalty Program against its objectives. What do you think is the potential of the loyalty program for various strategic and marketing objectives, including increasing customer value and enhancing the service experience, increasing share of wallet, cross-selling/up-selling, reducing churn, gaining customer insight, assessing effectiveness of specific marketing initiatives, and cementing the ownership of the customer relationship?
2. Based on your analysis, which aspects of the loyalty program do you think the firm could further improve on?

Group Presentation: Assessment of a CRM Strategy and its Implementation

1. Analyse the implementation of a CRM Strategy. What went right, what problems were encountered, and what are the lessons for future CRM implementations?
2. Which areas do you think the firm could further improve on, that is, what are the next steps for its CRM strategy?

Group Presentation: Analysis of a Customer Feedback System

1. Conduct a diagnostic analysis of the customer feedback system (CFS) of a service firm. Examine all aspects of the current CFS, including data collection, reports, and attitudes of management and frontline staff towards customer feedback.
2. Identify potential gaps that exist between current and best practice.

3. What would you recommend to the firm, to cost-effectively improve its customer-driven learning via its CFS?

Group Presentation: Assessment and Recommendations for a Customer Service Process Redesign Project

1. Select a customer service process redesign project that had a major impact on the satisfaction of a firm's customers. Select a service firm one of your group members is familiar with. Analyze what went right, what problems were encountered and what are the lessons for other service firms interested in conducting major customer service process redesign work?

Group Presentation: Assessment and Recommendations for a Service Quality Initiative

1. Analyse a Service Quality Initiative in a service firm one of your group members is familiar with. What went right, what problems were encountered and what are the lessons for other service firms interested in implementing a similar initiative?

Group Presentation: Assessment and Recommendations for a (Lean) Six Sigma Implementation

1. Analyse a Six Sigma Implementation in a service firm one of your group members is familiar with. What went right, what problems were encountered and what are the lessons for other service firms interested in implementing a similar initiative?

Group Presentation: Assessment and Recommendations for a Front Line Staff Strategy & Service Culture Initiative

1. Analyse a service firm that significantly improved its service quality, productivity and sales effectiveness (if applicable) delivered by its front line employees. Focus on:
 - Determine the critical success factors for achieving these improvements.
 - What went wrong?
 - What could have been done better?
 - What further improvements do you recommend from the status quo?

Group Presentation – Cost-effective Service Excellence Initiative

1. Identify a service firm that aims to deliver service excellent in a cost-effective manner. Focus on:
 - How does the firm try and pursue this dual strategy?

- What is going well?
- What could be done better?
- What next steps/developments do you recommend from the status quo?

G. Preparation for Case Discussions

Please prepare each case discussion by *first working independently* through the discussion questions (i.e., form your own conclusions and recommendations), and *only then discussing* it with your study group.

Case: Banyan Tree – Developing a Powerful Service Brand

1. What are the factors that contributed to Banyan Tree's success?
2. Can Banyan Tree maintain its unique positioning in an increasingly overcrowded resorts market and grow globally?

Case: DHL

1. What do you see as the main challenges in implementing this segmentation in DHL's customer database?
2. How would you recommend DHL to address those challenges?
3. What are the various possible practical applications of this segmentation methodology by other functional department (e.g. sales, customer service, etc.)?

Case: Shouldice Hospital

1. Assume that Shouldice Hospital wants to expand its capacity, how should it control and manage its service quality?
2. Assuming a profit maximization motive, would you recommend any changes to its current marketing mix?

H. Literature

Main Texts

- Christopher Lovelock & Jochen Wirtz (2011), *Services Marketing: People, Technology, Strategy*, 7th ed., Upper Saddle River, New Jersey: Prentice Hall. ISBN 978-0-13-

610721-7

- Heracleous, Loizos, Jochen Wirtz & Nitin Pangarkar (2009), *Flying High in a Competitive Industry - Secrets of the World's Leading Airline*, Singapore: McGraw-Hill. ISBN 978-007-128196-6

Supplementary Excellent Readings on Various Aspects of Services Marketing (just in case you run out of reading materials after graduation ...)

- Leonard L. Berry & Kent D. Seltman (2008), *Management Lessons from Mayo Clinic: Inside One of the Most Admired Service Organizations*, McGraw-Hill
- Benjamin Schneider & David E. Bowen (1995), *Winning the Service Game*, Harvard Business School Press.
- Valarie A. Zeithaml, Mary Jo Bitner and Dwayne D. Gremler (2012), *Services Marketing: Integrating Customer Focus Across the Firm*, McGraw-Hill, 6th edition
- Roland T. Rust, Katherine N. Lemon & Das Narayandas (2005), *Customer Equity Management*, Pearson Prentice Hall.
- Timothy L. Keiningham, Terry G. Vavra, Lerzan Aksoy & Henri Wallard (2005), *Loyalty Myths: Hyped Strategies that Will Put You Out of Business – and Proven Tactics That Really Work*. John Wiley & Sons.
- James L. Heskett, W. Earl Sasser, Jr. & Joe Wheeler (2008), *The Ownership Quotient*, Harvard Business School Press.
- Janelle Barlow & Claus Moller (2008), *A Complaint is a Gift*. 2nd ed., Berrett-Koehler Publishers.
- Jay W. Lorsch & Thomas J. Tierney (2002), *Aligning the Stars: How to Succeed When Professionals Drive Results*. Harvard Business School Press.
- Laurie Young (2005), *Marketing the Professional Service Firm*. John Wiley & Sons.
- Thomas J. DeLong, John J. Gabarro & Robert J. Lees (2007), *When Professionals Have to Lead: A New Model for High Performance*. Harvard Business School Press.