

Service Management

Mihai Pascadi

Start SEM3,4

Bibliography

Fitzsimmons, James, A., Fitzsimmons, Mona, J. "Service Management – Operations, Strategy, Information Technology", 7th edition, McGraw-Hill Irwin, ISBN 978-0-07-340335-9

Other important sources:

APQC – Process Classification Framework

basis for process-related information in the course

ABOUT APQC

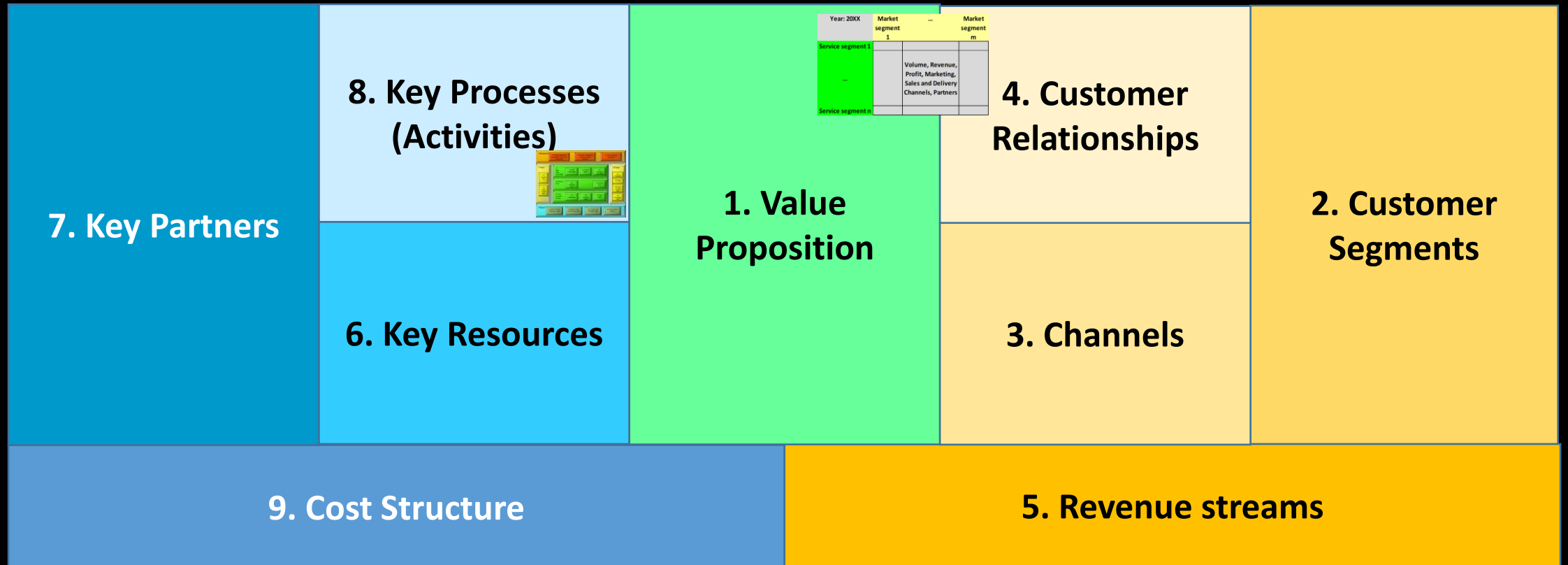
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What is a business model ?

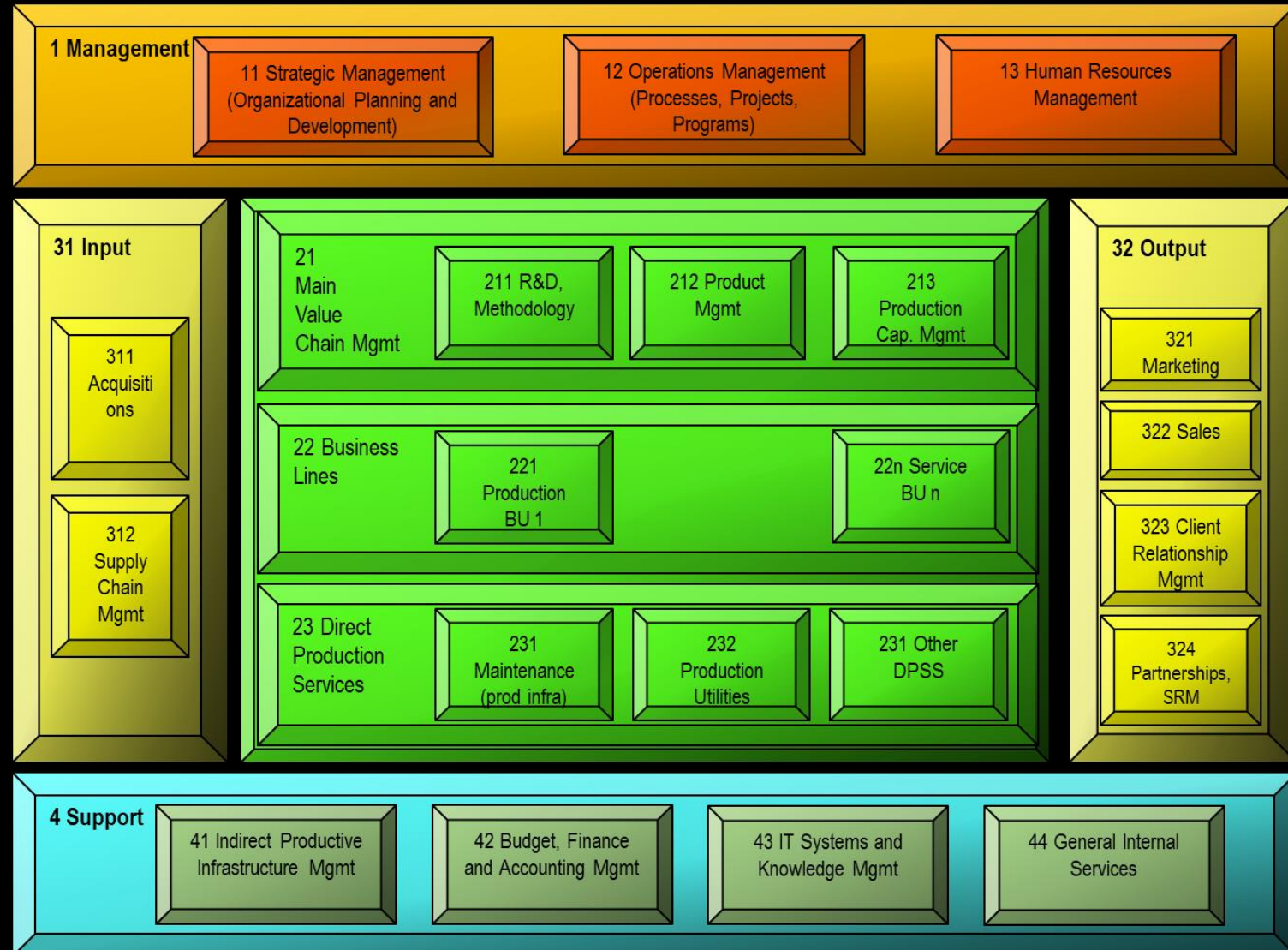
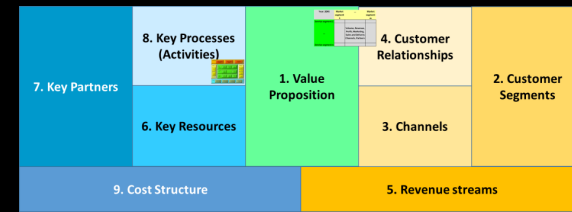


Quiz
subject

<https://www.youtube.com/watch?v=IP0cUBWTgpY>

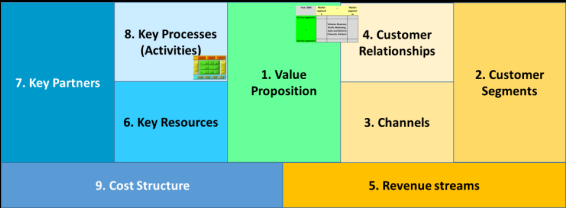
6. Key Processes

- What are the processes on the MVC ?
- What other key processes would you consider ?
- Make a list of the **key processes**



Service company types + processes

1. Tourism agency – **Customer offer request management** (from request receipt to contract signature)
2. Private school – **Classroom teaching delivery** (from bell to bell)
3. Mobile phone operator – **Service activation support via call center** (from customer call to activated service)
4. Insurance company – **House insurance policy offer development** (from customer request receipt to contract signature)
5. Health care provider – **Patient management** (from consultation scheduling to consultation results)
6. Retail company – **Buying products** (from arrival to exiting the store)
7. Credit institution – **Credit management** (from contract signature to credit contract termination)
8. Hotel – **Customer arrival management** (from on-line reservation to room made available)



6. Key Processes

- Design the main steps for **one** of the MVC identified processes
(Not more than 5 activities, only columns 1...6)

Process name	1	6	7	3	4	5
Who?	Activities	Time	Costs	Instruments,	Documents	Remarks
2		consumed		Tools,		
		(man*minutes)		Materials		

Simple

<https://www.simple-bpm.ro/soft/consulting>

Develop objectives for

- The above described process

Objective **name**

Performance indicator (**metric**)

Target value range

Objectives refer to:

Effectiveness

Criteria related to

- approach and
- execution

S

Result related criteria
(Functional specs)

Efficiency

Time related criteria

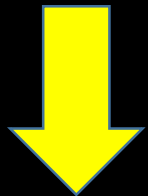
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Budget related criteria

T

7. Key Resources

- Infrastructure,
- Materials
- Information
- Relations
- Image

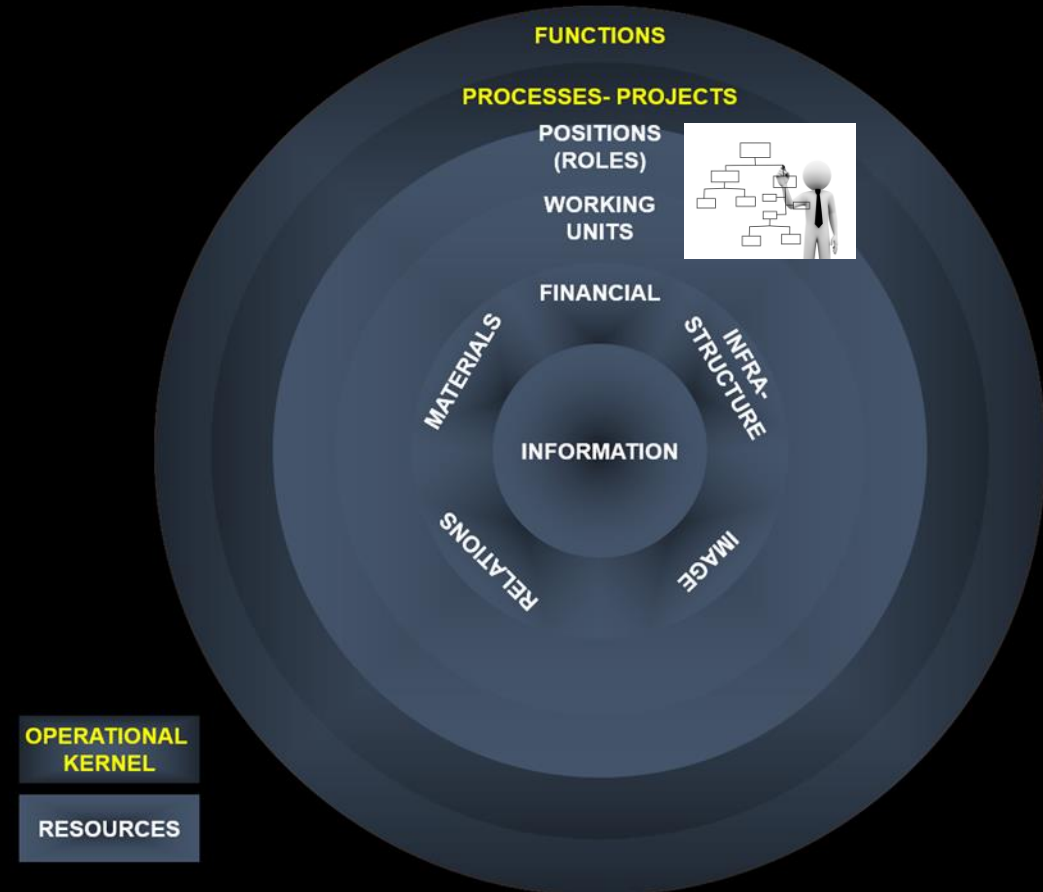
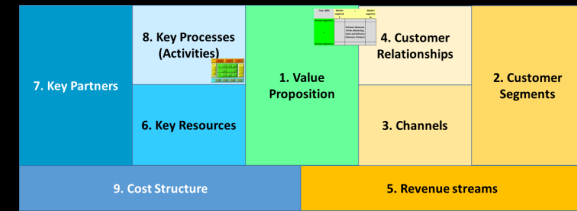


- Financial

- Describe Infrastructure, Materials, Info related to your main processes.

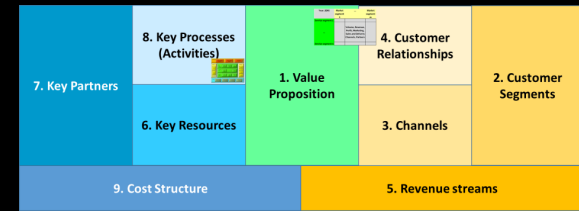
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Quiz
subject



8. Key (Supply Partners)

- Make a list of the key supplier types for your company

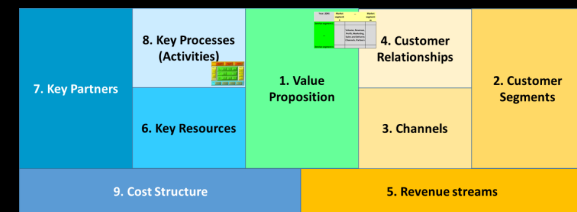


9. Cost structure

- Identify and list the main **DIRECT COST** categories associated to the identified Main Value Chain processes
- Identify the and list the main **INDIRECT COST** categories

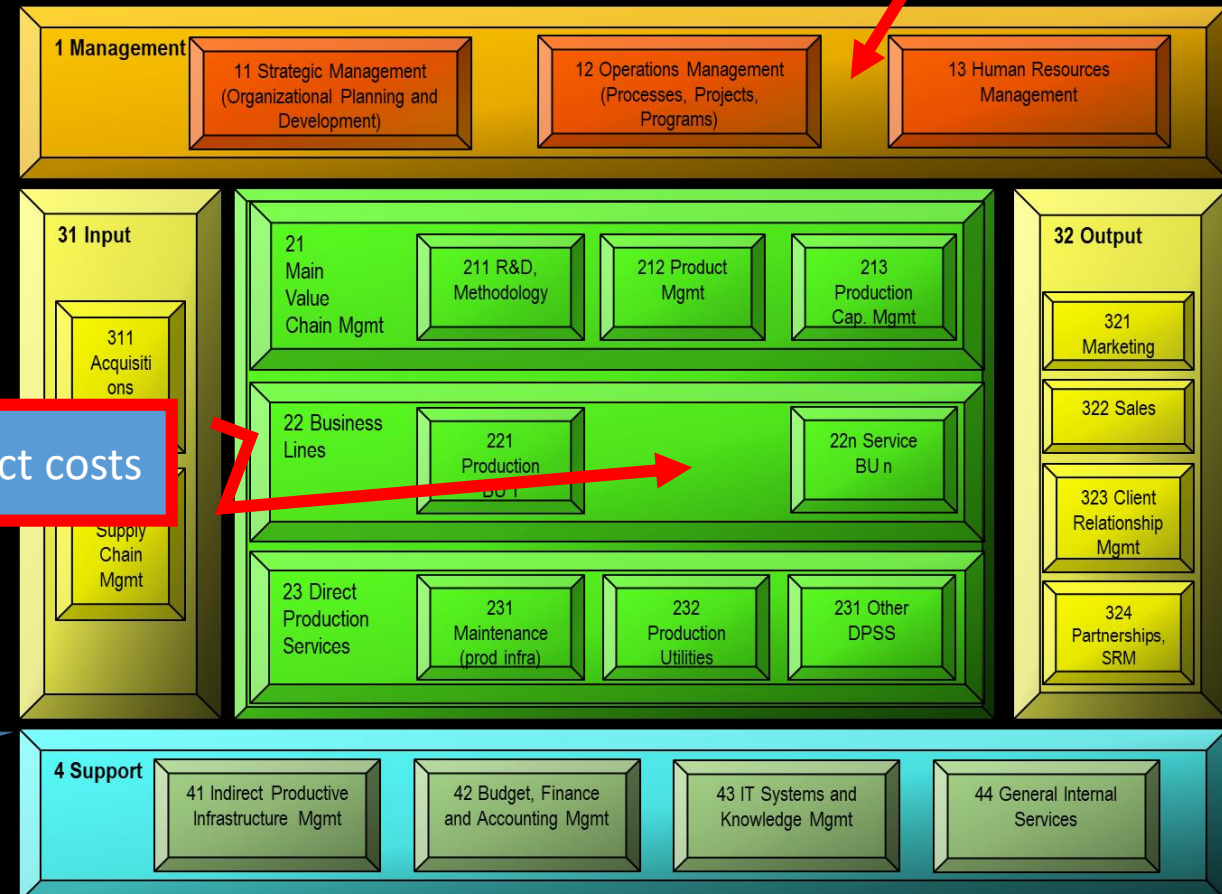
Year 20xx		
Revenue	10000	excl VAT
Direct costs	4500	
Gross margin	5500	55%
Indirect costs	2900	29%
D&A	530	5.3%
PBT	2070	20.7%
IT	207	10%
PAT	1863	18.6%

D&A – Depreciation and Amortisation
PBT – Profit before taxes
PAT – Profit after taxes

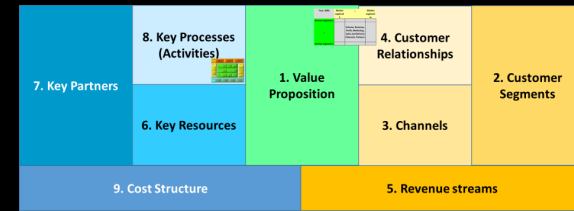


Indirect costs

Direct costs



9. Cost structure

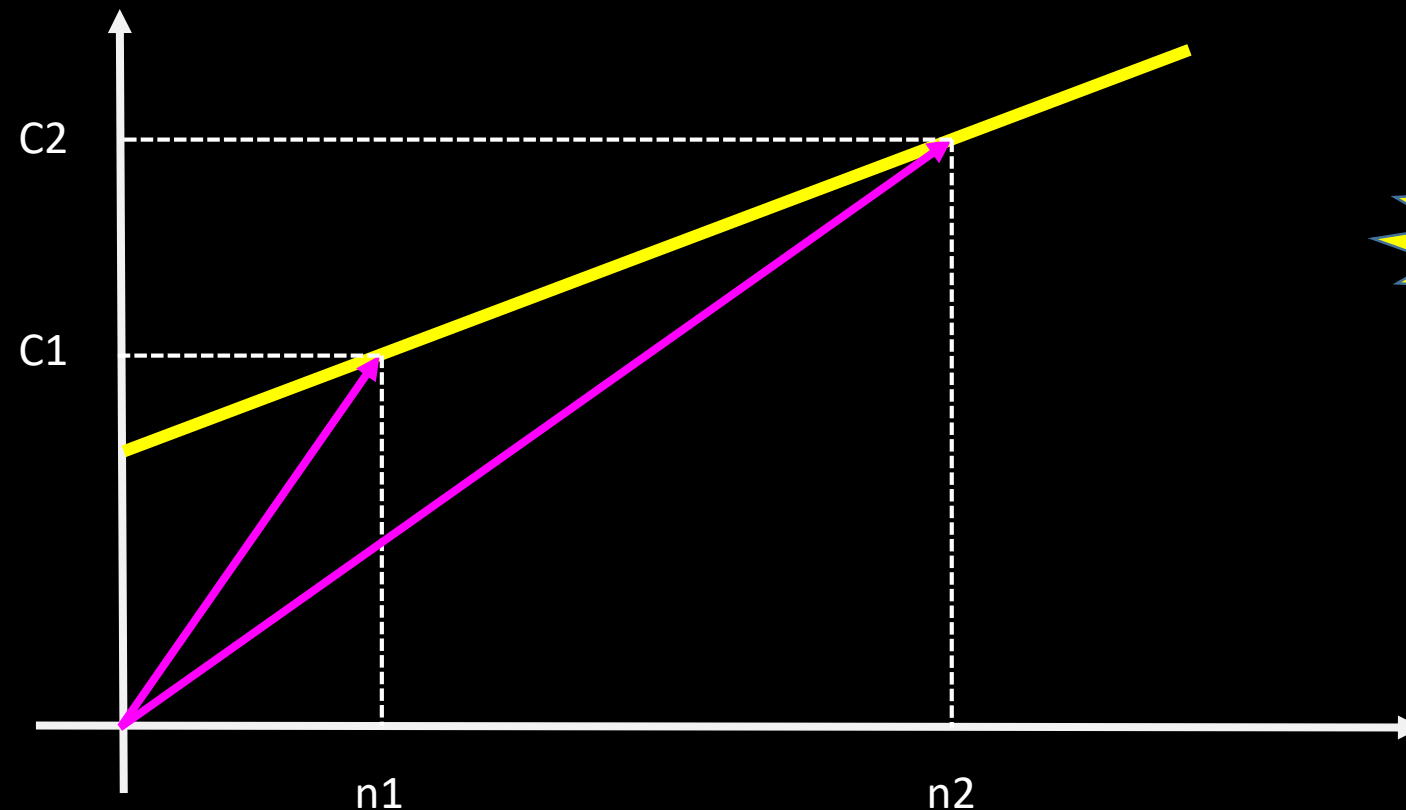


On-site technical
incident management

$$\text{Unit service cost}_1 = \frac{C_1}{n_1} > \frac{C_2}{n_2} = \text{Unit service cost}_2$$

- Fixed costs
 - Office space rent
 - Office cleaning
 - Office utilities
 - Internal services salaries
- Variable costs
 - Service manpower salaries
 - Service tools
 - Fuel consumption

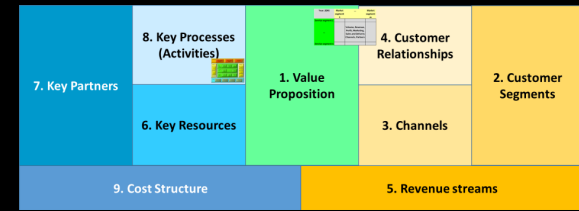
**Total cost
of services**



Quiz
subject

Service volume
(no of services
delivered)

9. Cost structure



Off-site technical
incident management

$$\text{Unit service cost}_1 = \frac{C_1}{n_1} > \frac{C_2}{n_2} = \text{Unit service cost}_2$$

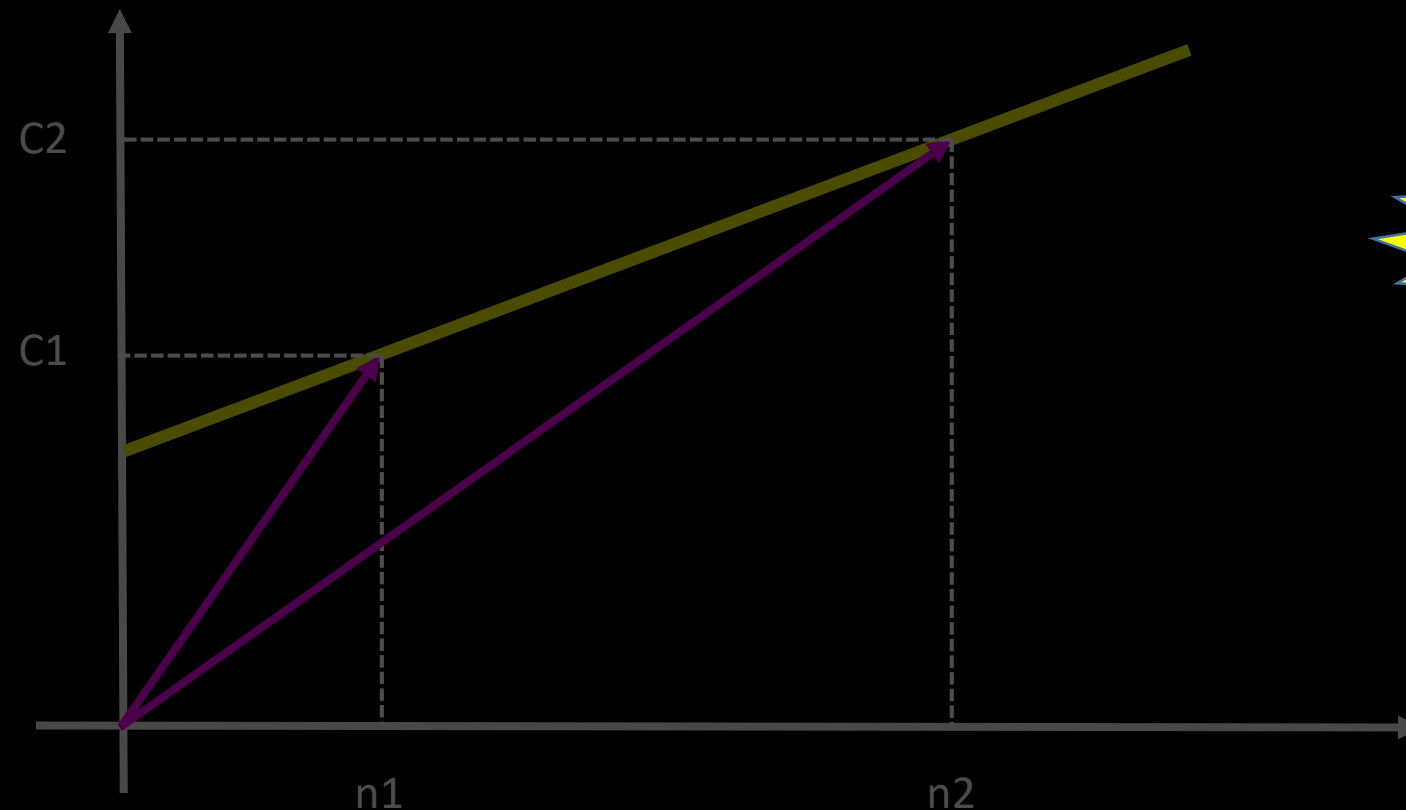
Fixed costs

- Office space rent
- Office cleaning
- Office utilities
- Internal services salaries

Variable costs

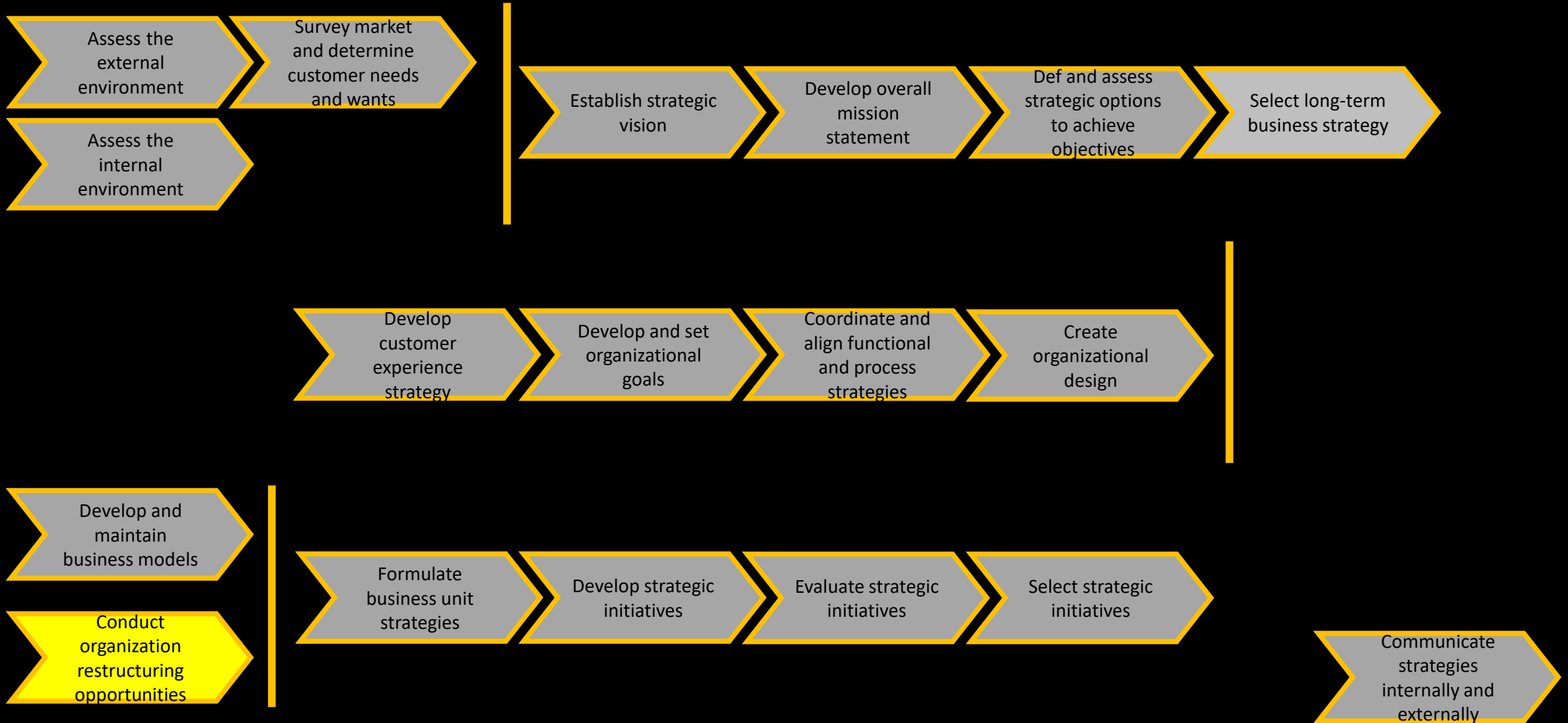
- Service manpower salaries
- Service tools
- Fuel consumption

Total cost
of services

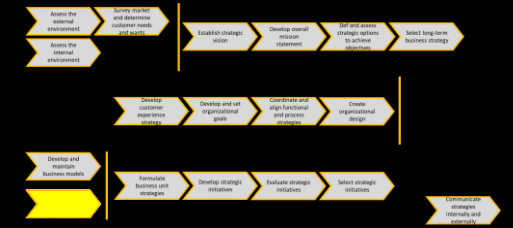


Quiz
subject

The Strategic Planning Process



Conduct organization restructuring opportunities



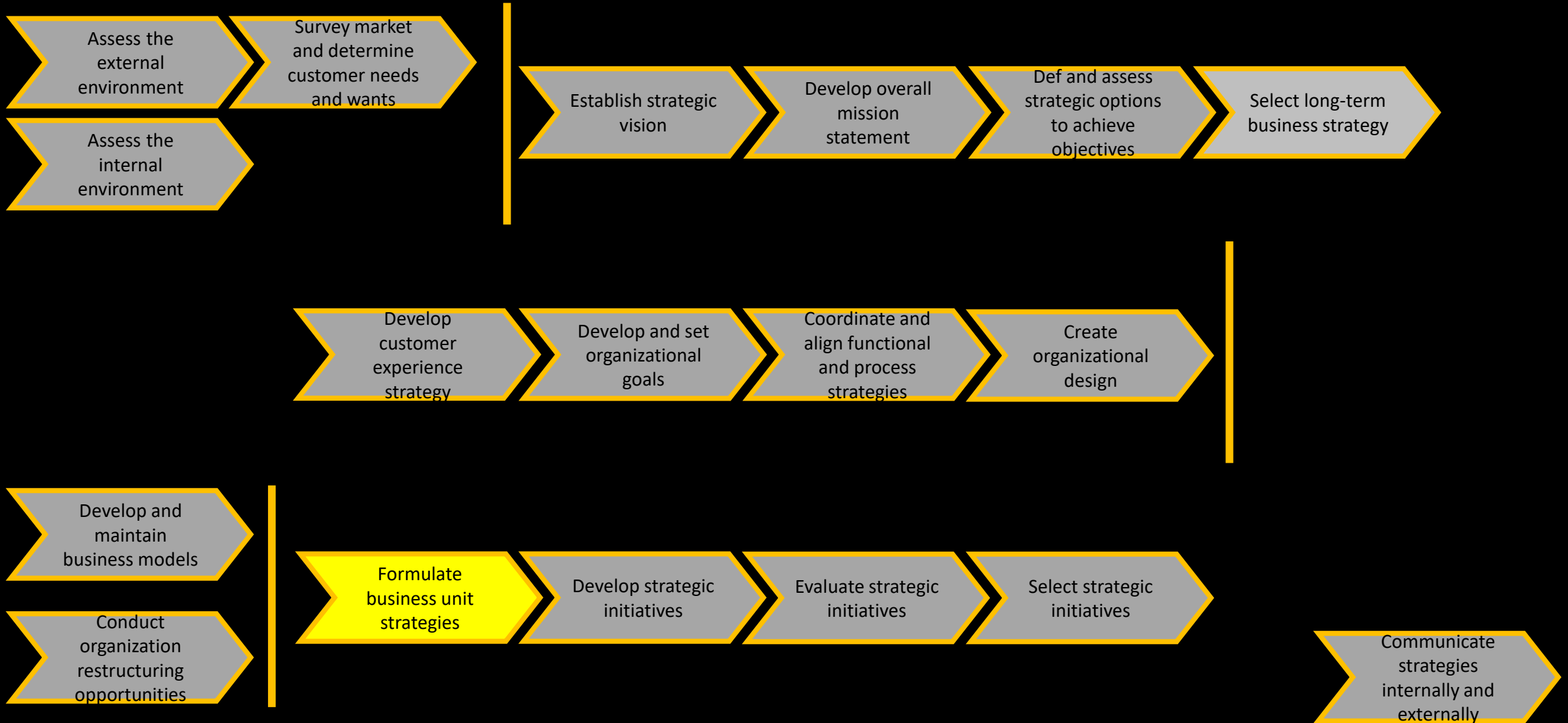
Examining the scope and contingencies for restructuring based on **market** situation and **internal** realities.

Map the market forces over which any and all probabilities can be probed for utility and viability.

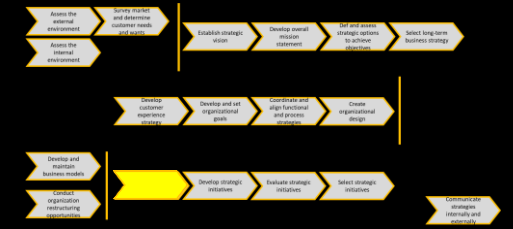
Once the restructuring options have been analyzed and the due-diligence performed, **execute** the deal.

Consider seeking professional services for assistance in formalizing these opportunities.

The Strategic Planning Process



Formulate detailed business unit strategies



Charting a strategic course for business units in order to

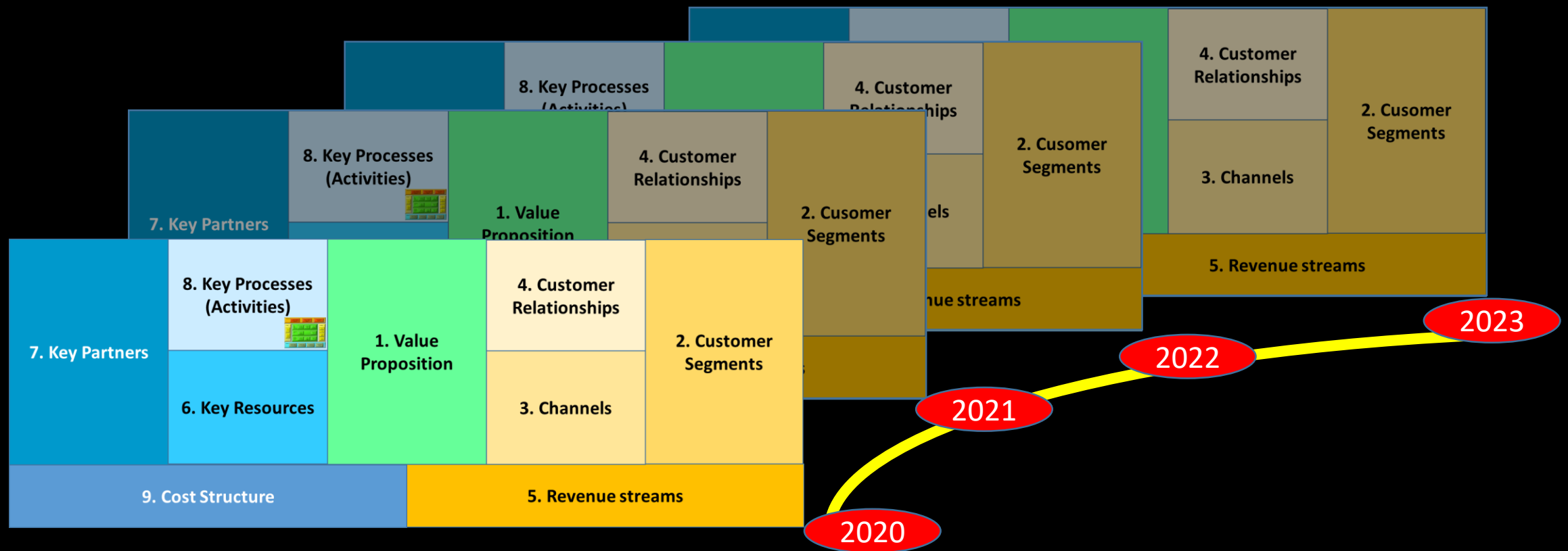
- leverage **opportunities**,
- sidestep **hurdles**, and
- create **synergies** among each other.

Create strategic road maps for the organization's units--in light of

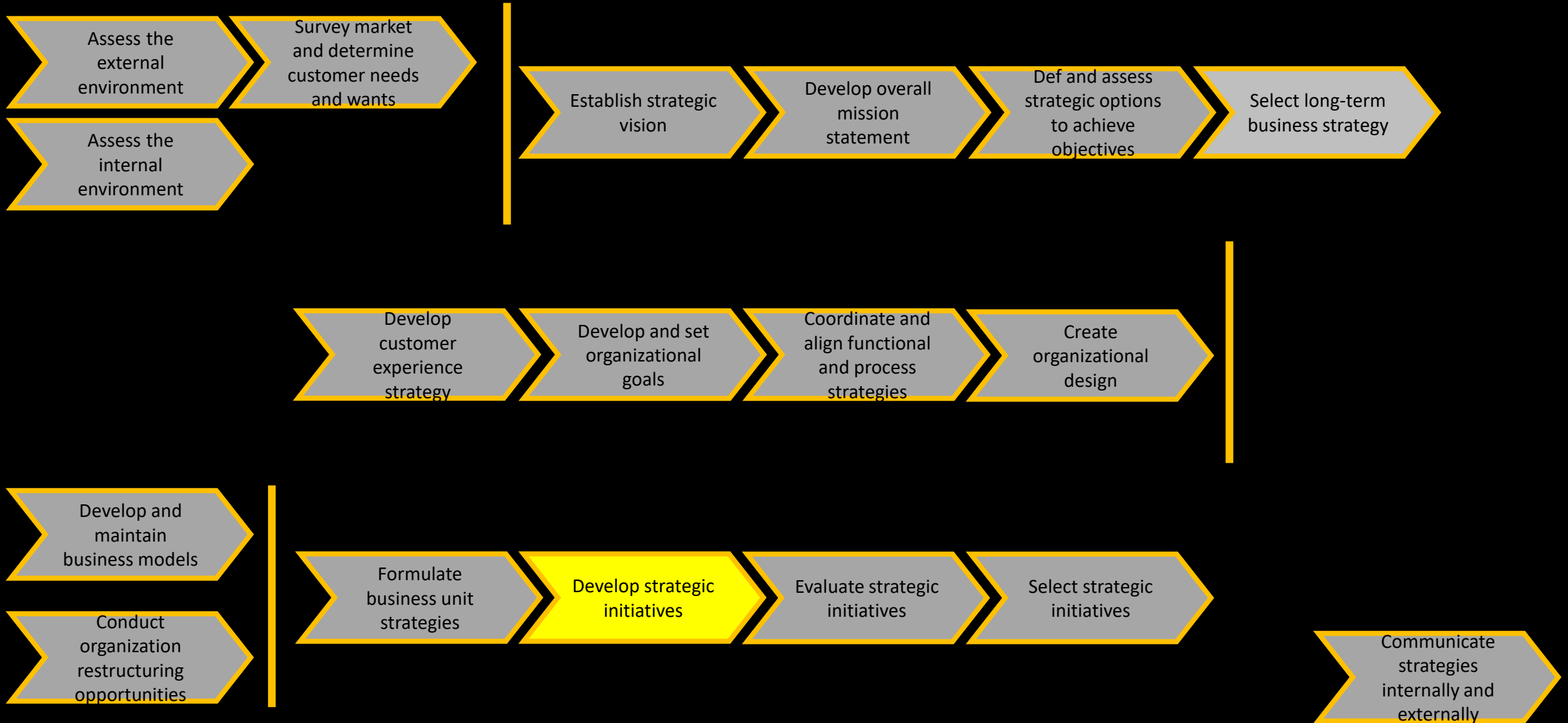
- their individual resources and requirements, as well as
 - their relationships with other business units
- to achieve organizational goals.

Formulate detailed business unit strategies

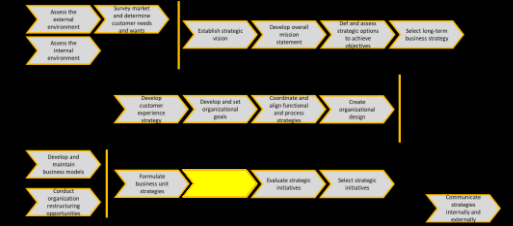
Quiz
subject



The Strategic Planning Process



Develop strategic initiatives



Developing strategic **projects** that help fulfill long-term goals.

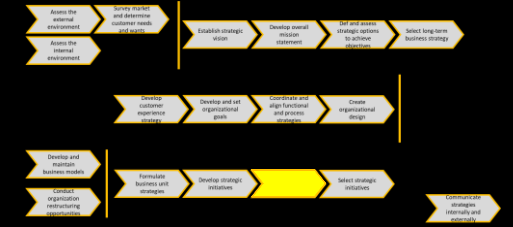
Develop time-bound projects that are discretionary in nature and lie beyond the scope of the organization's routine operations.

Project

Specs
Budget
Timeline

Quiz
subject

Evaluate strategic initiatives



Examining projects of strategic significance that lie outside the purview of the organization's routine operations.

Closely analyze strategic initiatives for their applicability and feasibility, given the organization's vision.

Cost-Benefit Analysis

Project

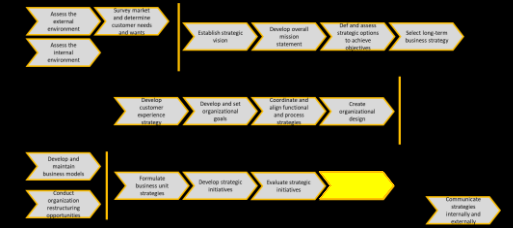
Specs

Budget

Timeline

Quiz
subject

Select strategic initiatives



Selecting relevant projects of strategic significance

- that create opportunities for the organization to realize its long-term objectives,
 - on the basis of their suitability to the organization's constraints and reality.

Select from the process Evaluate strategic initiatives, based on their applicability and feasibility for the organization.

Project

Enlist senior management, especially strategy personnel.

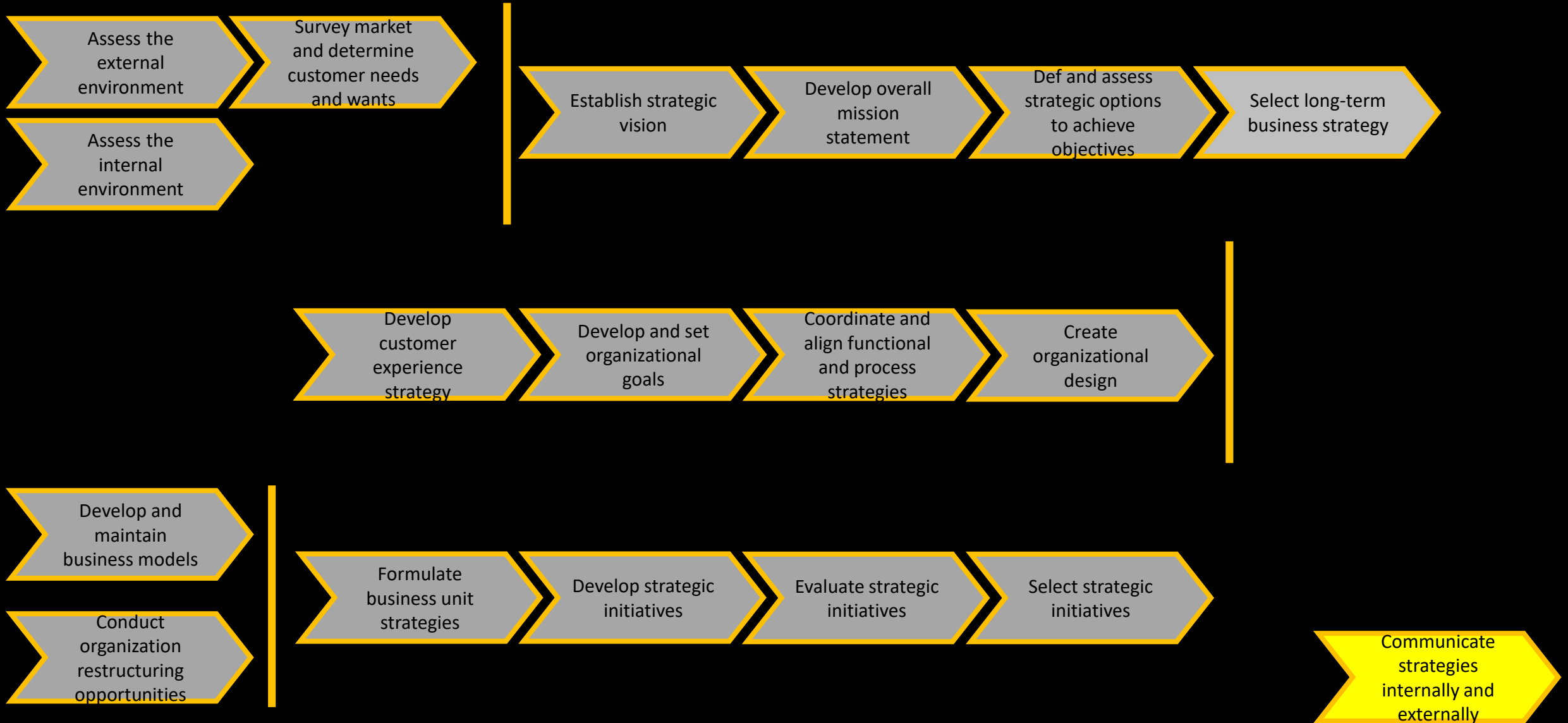
Specs

Budget

Timeline

Quiz
subject

The Strategic Planning Process



Communicate strategies internally and externally

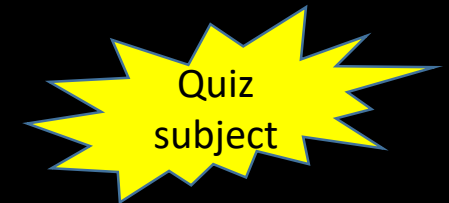
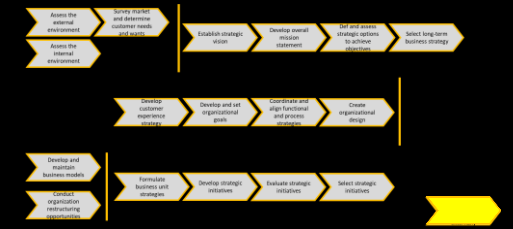
Conveying planned

- procedures and
- methods

to both internal departments and external stakeholders like

- customers,
- suppliers, etc.,

in an effective manner based on organizational objectives.



Course objectives

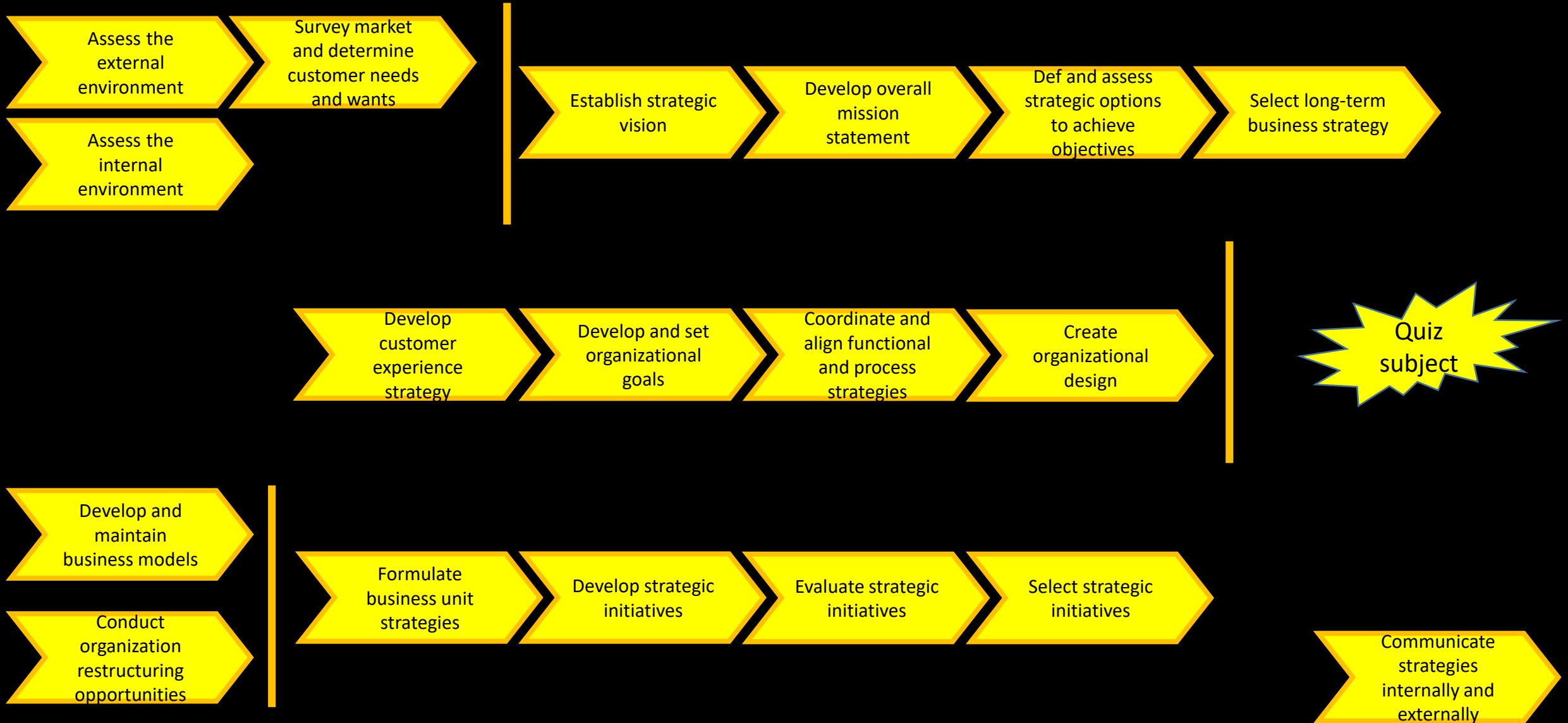
To understand the

- service markets & customers
- service organization
 - How to design
 - How to operate
 - How to manage
 - Processes,
 - People,
 - Other resources

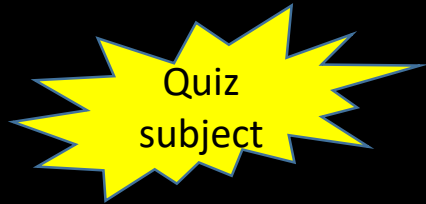
To be able to adjust and improve a service organization

THE STRATEGIC PLANNING PROCESS GROUP

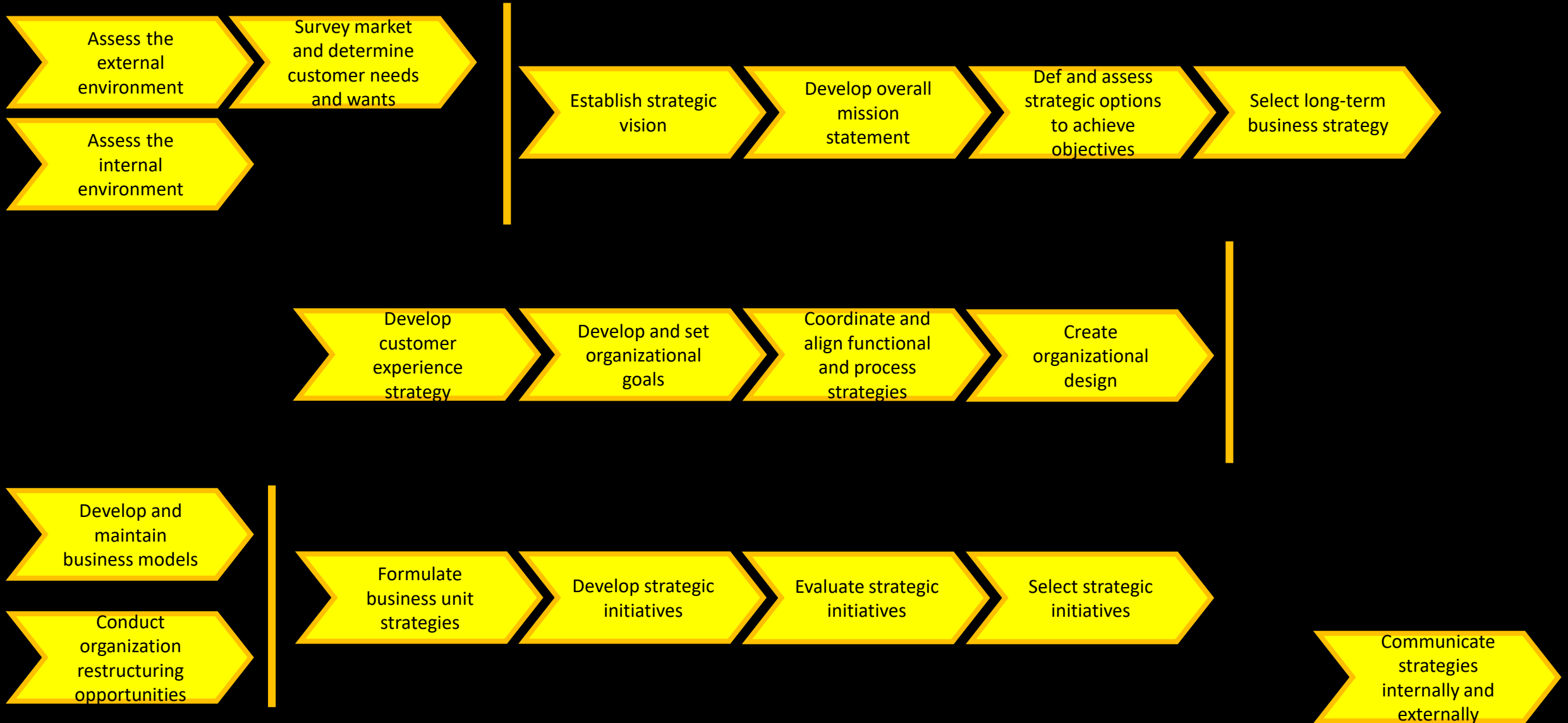
The Strategic Planning Process



The Strategic Planning Process

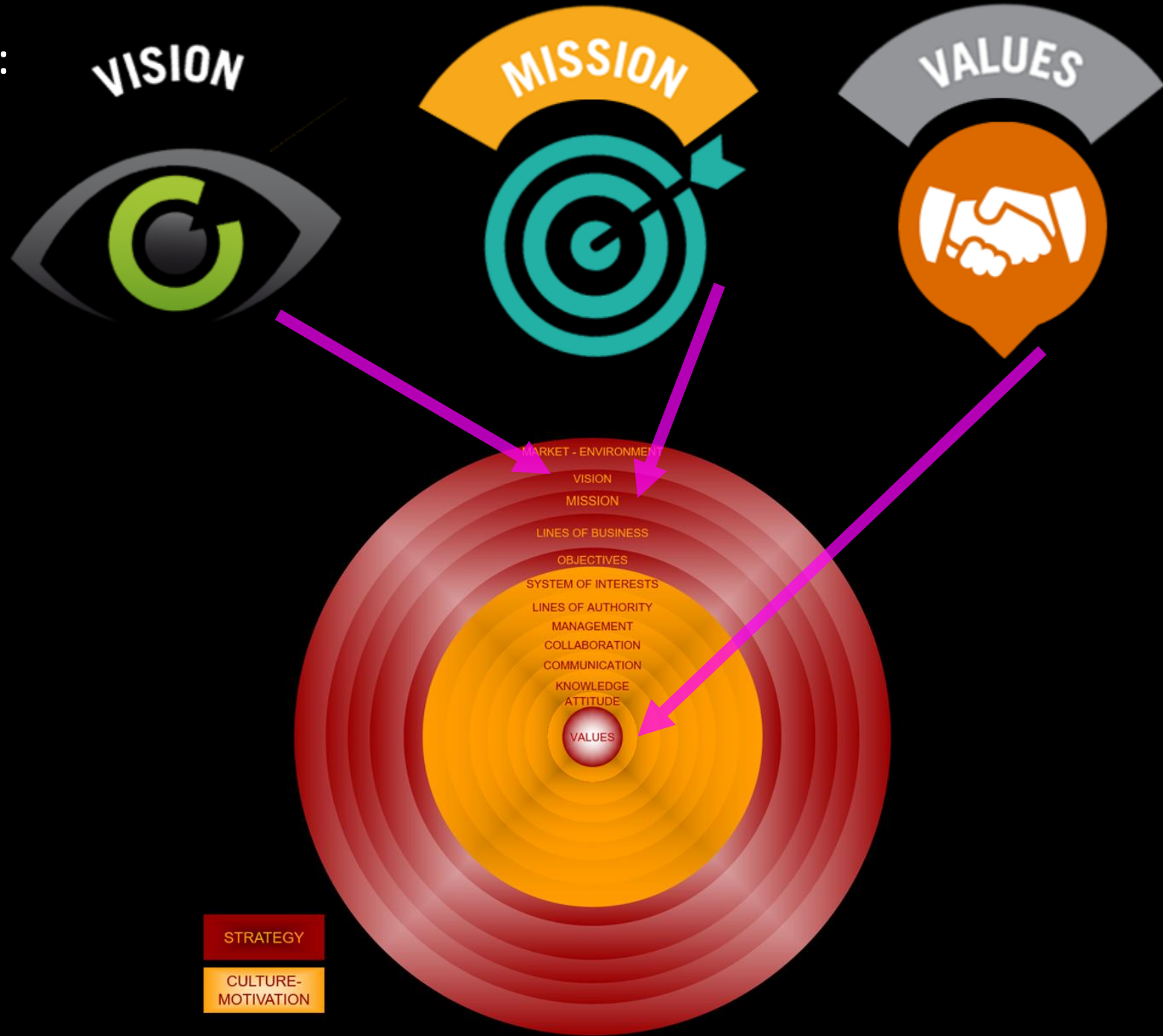


The Strategic Planning Process



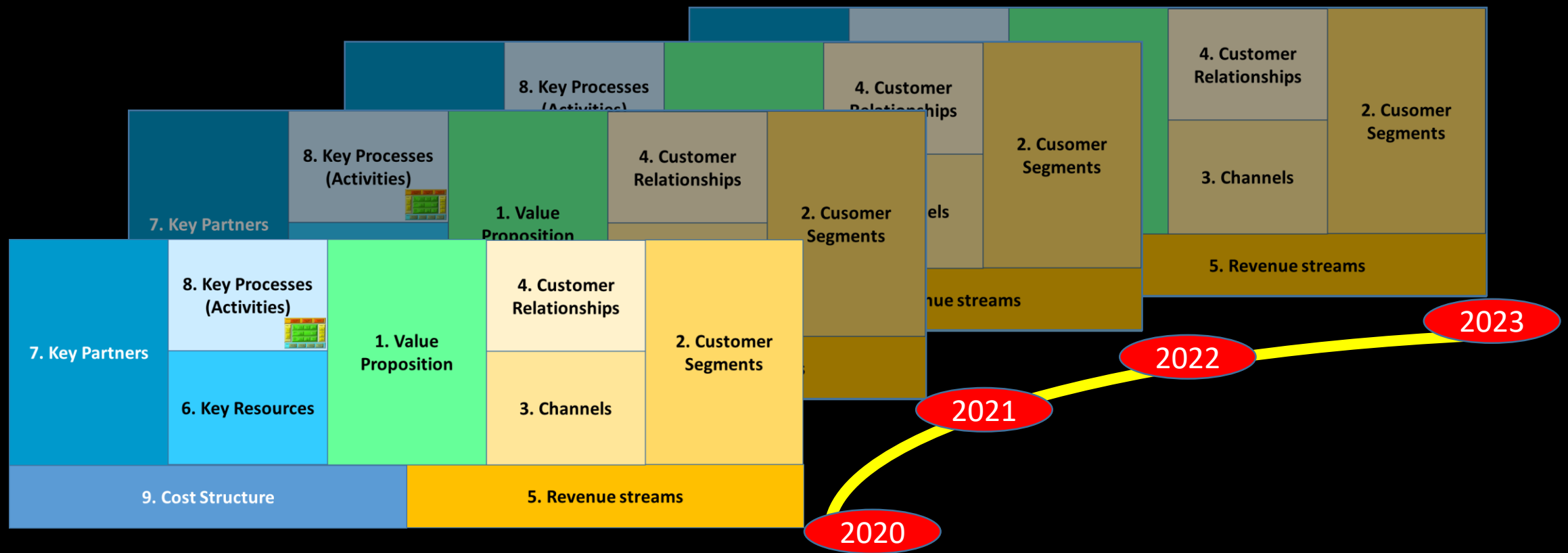
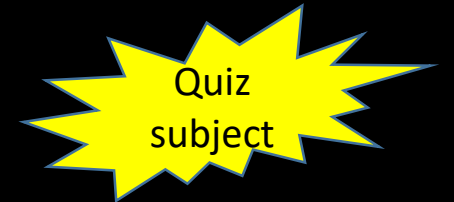
THE RESULT: THE STRATEGIC PLAN

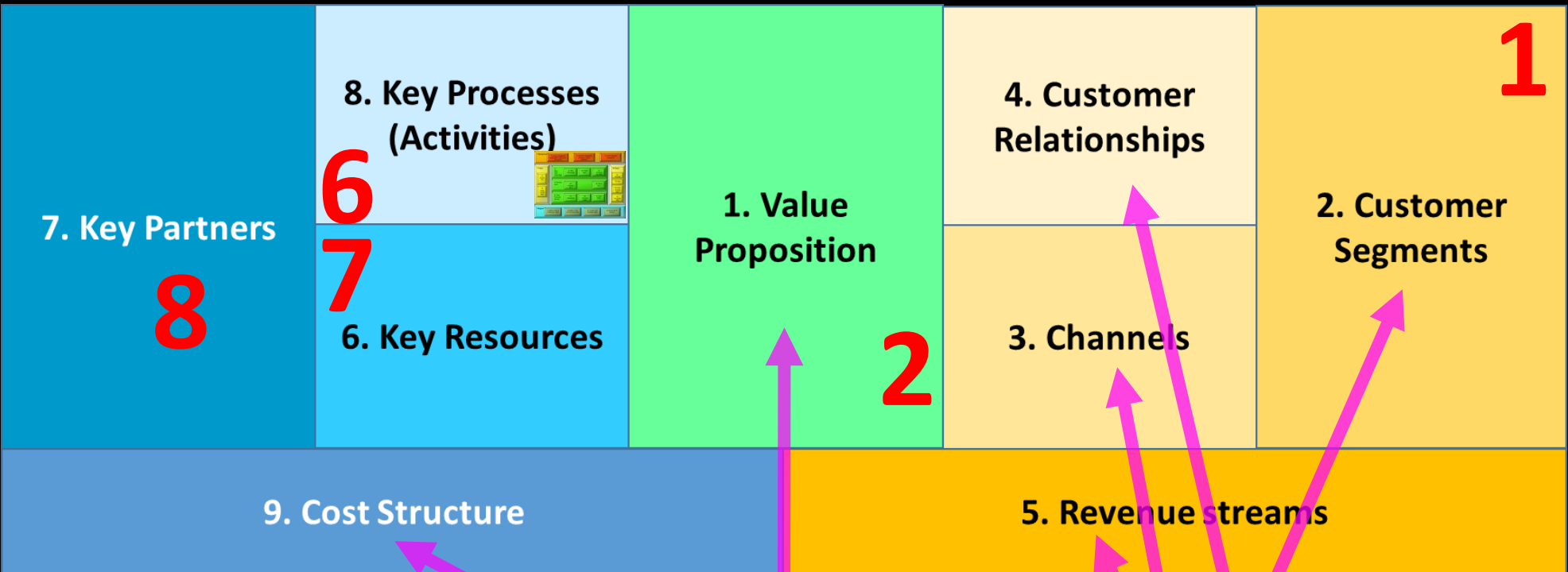
The Strategic Plan:



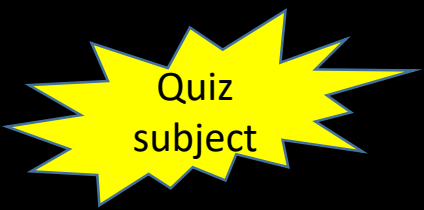
Quiz
subject

The strategic plan: the pathway of the business model over time

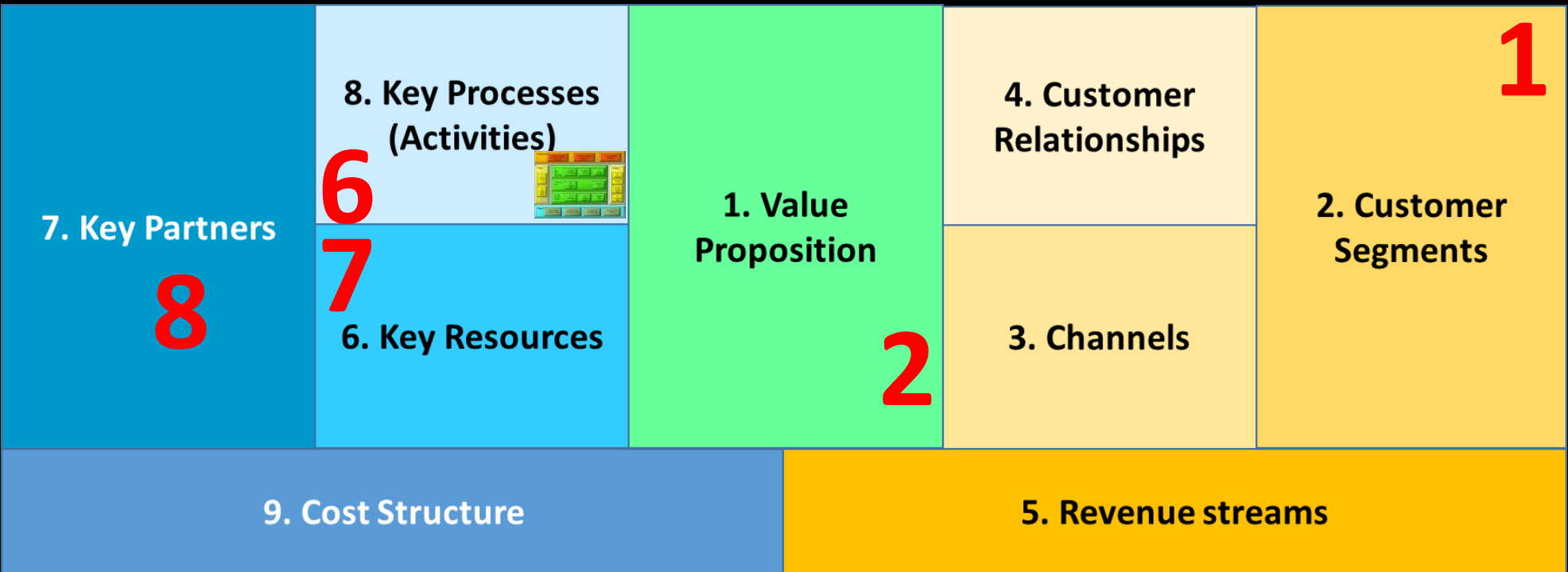




Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Volume, Revenue, Profit, Marketing, Sales and Delivery Channels, Partners	
Service segment n			

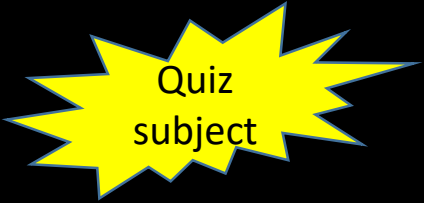


Business Model;
Go-to-market matrix

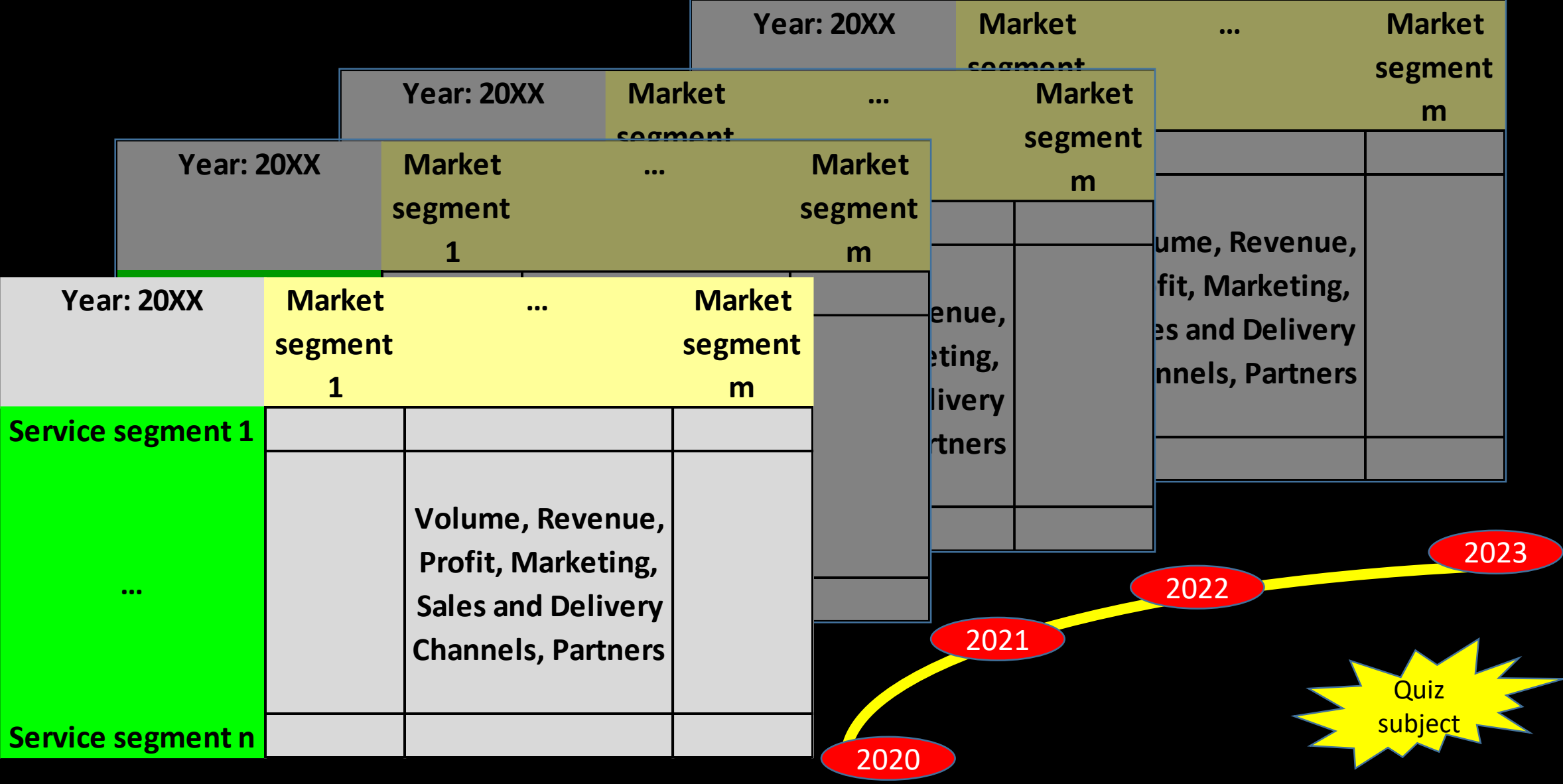


Business Model;
Go-to-market matrix

Year: 20XX	Market segment 1	...	Market segment m
Service segment 1			
...		Volume, Revenue, Profit, Marketing, Sales and Delivery Channels, Partners	
Service segment n			

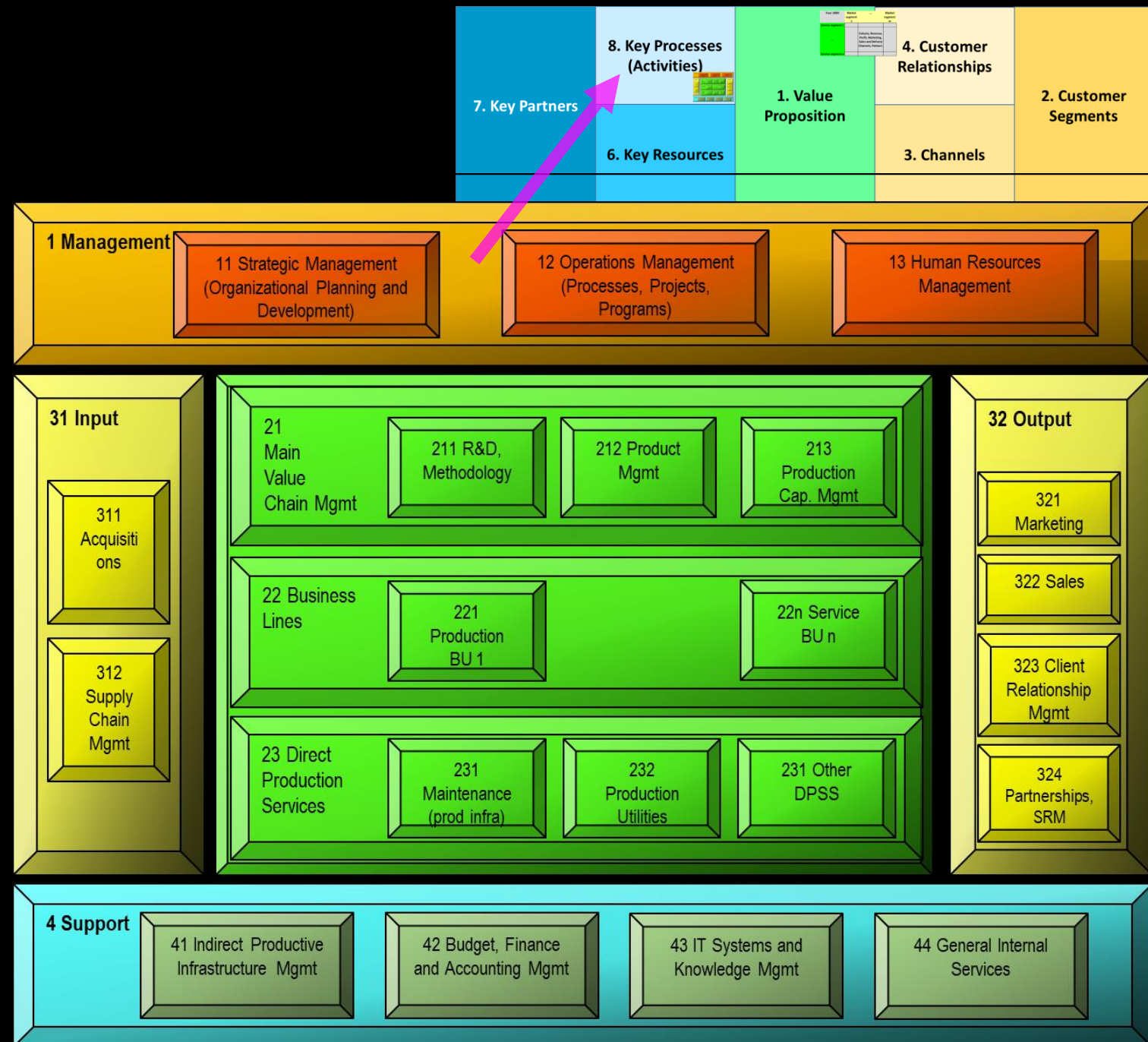


Part of the strategic plan: the go-to-market matrix over time

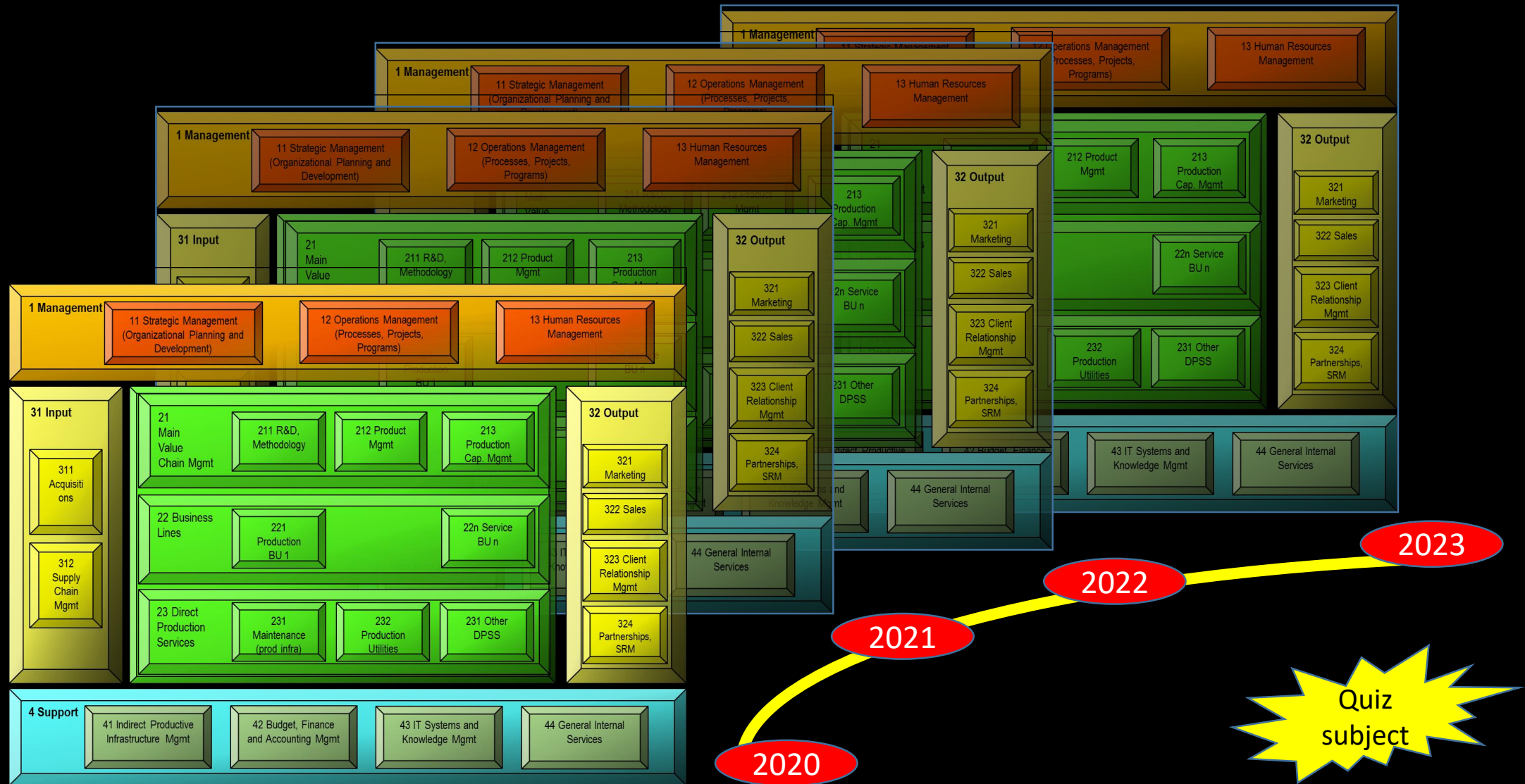


The Strategic Plan

- What are the processes on the MVC?
- What are other key processes?

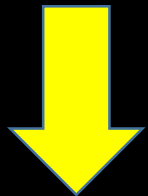


Part of the strategic plan: key processes over time



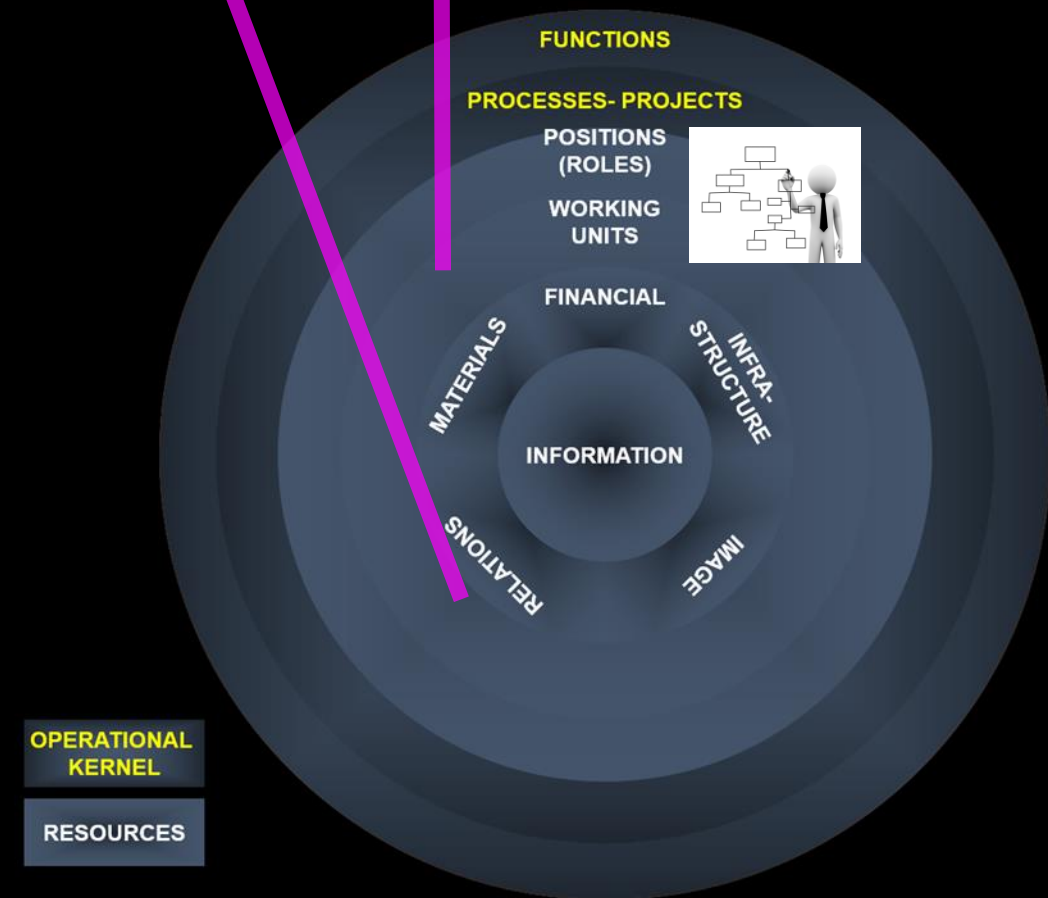
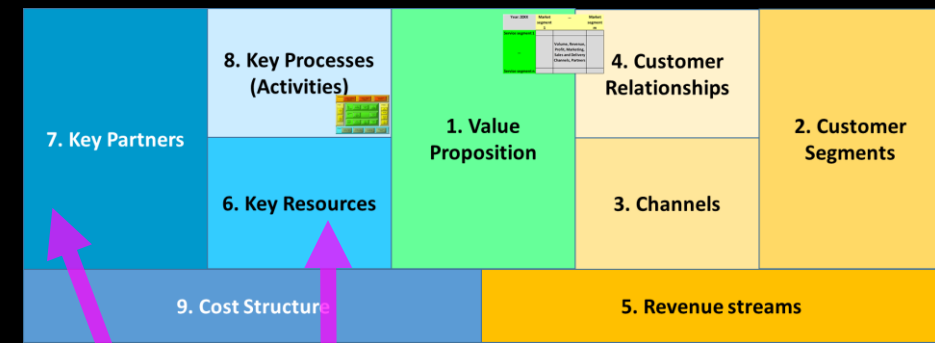
Key Resources

- Infrastructure,
- Materials
- Information
- Relations
- Image

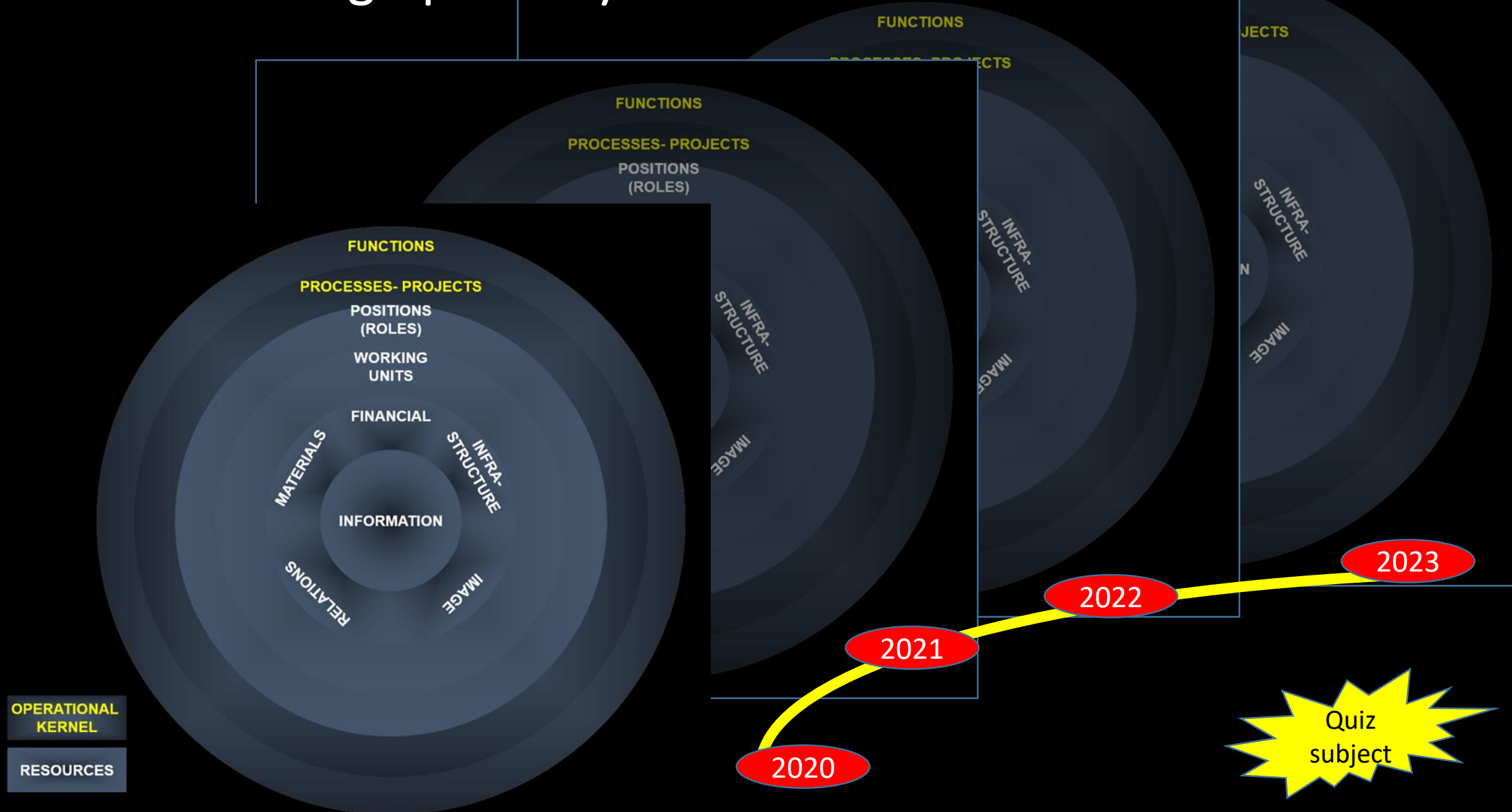


- Financial

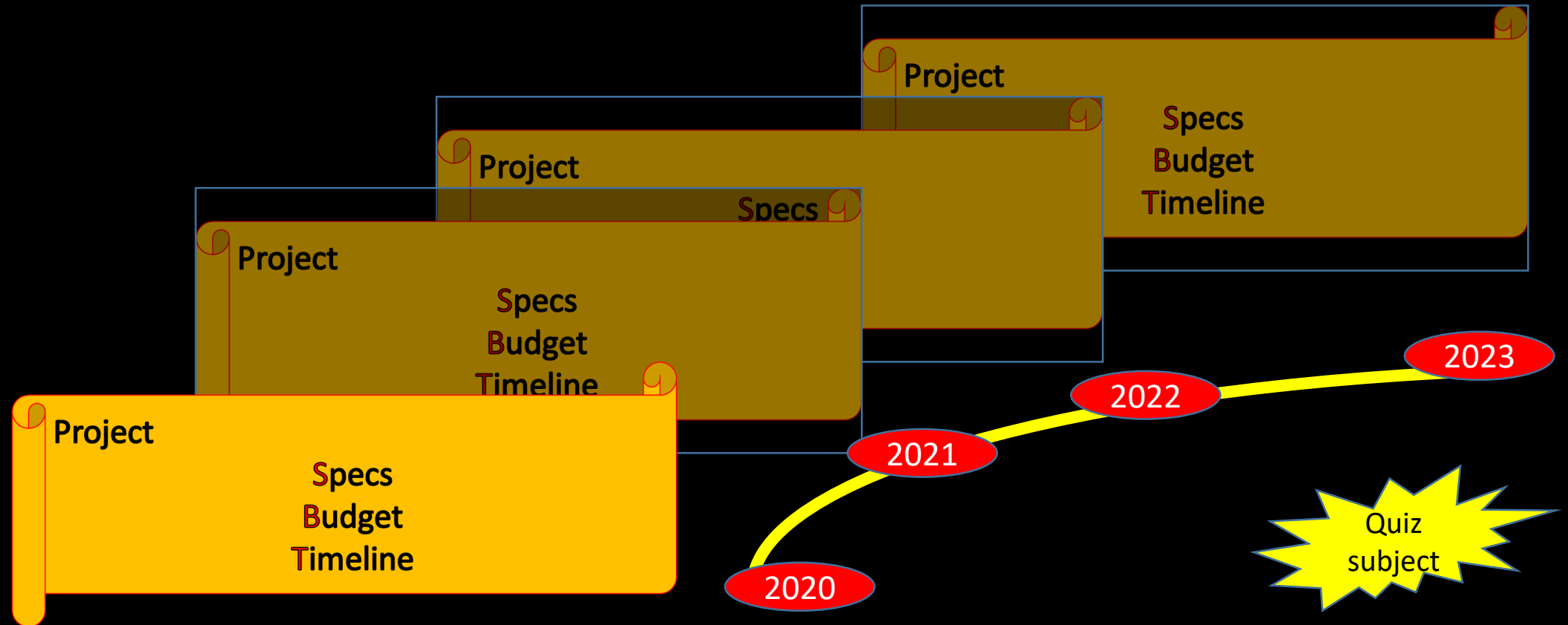
Quiz
subject



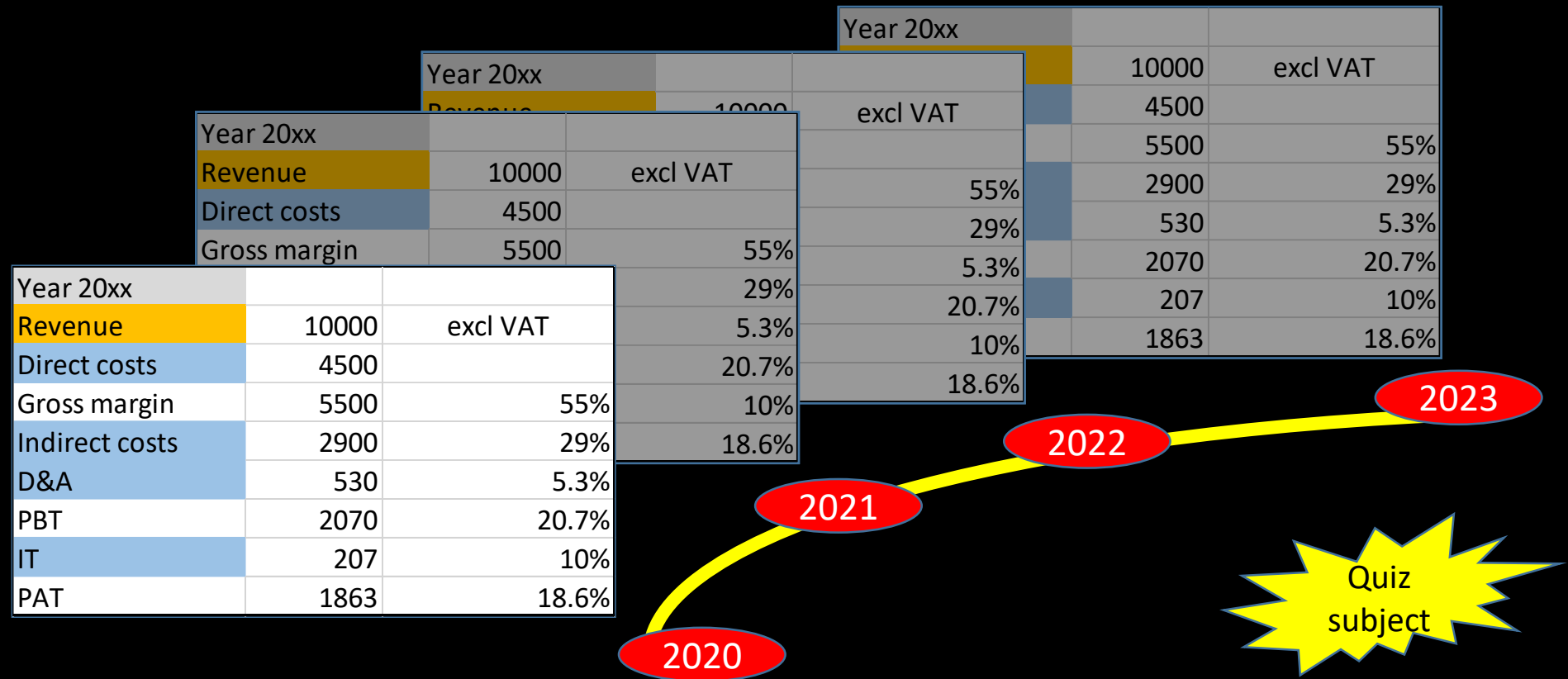
Part of the strategic plan: key resources over time



Part of the strategic plan: key projects over time



Part of the strategic plan: P&L over time



THE RESULT: THE STRATEGIC PLAN

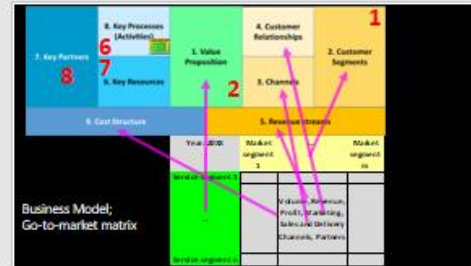
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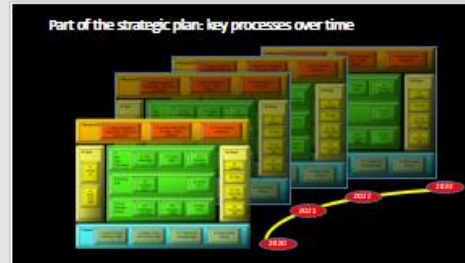
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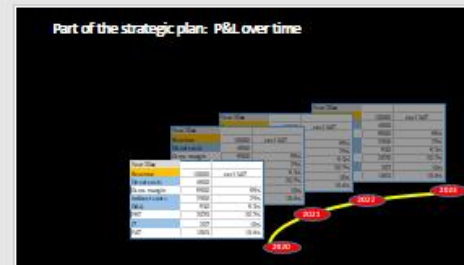
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352



353



354

Quiz
subject

Eo SEM2