

Service Operations Management (OTM 451)

Spring, 2014



Professor Bob Batt

5279 Grainger Hall

rbatt@bus.wisc.edu

608-890-2575

Office Hours: Thursday, 1:00-2:30pm & by appointment or drop-in

Overview

In the United States, the service sector represents approximately 80% of both GDP and employment. In addition to the "pure" service sector (restaurants, airlines, banks, etc.), many manufacturing firms are becoming increasingly service oriented as they seek to gain a competitive edge.

Elements common to most services make the management of their operations quite complex. In particular, services are intangible, not storable or transportable, and often highly variable. Frequently, their delivery involves a significant amount of customer contact. For example, Disney World can only provide a ride on Space Mountain to a customer that comes to the park, and Disney can not "store up" idle capacity on its rides in the off-season to satisfy demand during Spring Break. All of these factors make service operations end up looking quite a bit different than manufacturing operations, and thus the task of achieving excellence in them requires particular strategies and analysis methods. In this class we will learn both quantitative tools and qualitative frameworks that will help us manage such complex environments to achieve timely, high-quality, profitable services.

The course covers the following topics:

- Designing a Service Strategy & Delivery System
- Defining and Managing Service Quality
 - Achieving consistent quality
 - Managing service employees
 - Managing customers
 - Failure recovery
- Managing Variability & Uncertainty
 - Queue design
 - Capacity planning
 - Revenue/yield management

The course examines settings in healthcare, financial services, retail, after-market support, and hospitality/entertainment, among others. Class time will be devoted to a combination of lectures, case studies, and in-class exercises. The course is intended for students interested in general management, with a specific focus on managing operations and quality in non-manufacturing organizations.

Assignments & Grading

Course grades will be based on student performance on the following tasks:

Task	Grade Weight
Case Prep Questions	15%
In-class Quizzes (3x)	10%
Service Encounter Postings (1/week)	10%
Group Project	10%
Class Participation	15%
Midterm	20%
Final	20%
TOTAL	100%

Case Preparation Questions

This course makes extensive use of case studies. For each case there will be a series of preparation questions that will either be turned in in class or online (specific directions will be provided in class). While students are encouraged to work in groups to prepare for cases, the questions are to be submitted individually. In the spirit of academic integrity and transparency, students are required to provide the names of all students with whom the case and preparation questions were discussed.

In-class Quizzes

There will be three brief (~15 minute) in-class quizzes that will be used as concept checks. Quizzes will be announced at one class session before the quiz is given.

Service Encounter Postings

As consumers, we all interact with service companies every day, for example, the University, the phone company, a restaurant, etc. To encourage us all to pay attention to these service encounters, each student is required to post at least one service experience or insight each week on the course website forum page. The posting should either:

- Describe and comment on a service encounter (good or bad)
- Comment on a relevant article seen in the press (magazines, newspapers, websites, etc.)

Postings should include some reference or connection to topics discussed in class. If relevant, please include photos and/or weblinks when possible. In order to keep this from becoming a list of rants about bad service, students may only post one “bad experience” encounter for every two neutral or positive postings. Students are also encouraged to comment on one another’s postings.

Group Project

Students will perform an in-depth analysis of a service of their choosing (approved by the professor) in which they will identify the service strategy and how various facets of the service delivery system support or undermine this strategy. This will be done as a group project. The deliverables include a brief report and an in-class presentation at the end of the semester. More information will be provided in class.

Class Participation

Being an active participant in class discussion and activities is crucial for learning both for oneself and for the good of the other students in the class. This, of course, requires being prepared for class, answering questions well when called upon, and proactively engaging in class discussions. The professor will keep a record of strong participants after each class session. One need not be a leading participant in every session to receive full class participation credit. Poor or distracting participation, or absence from class will also be noted.

Midterm & Final Exams

There will be an in-class midterm exam and a final exam. I will hold an optional out-of-class review session for the midterm at a date to be announced later. Review for the final will be covered in the last session of the course (May 7). While the final exam will be cumulative of the whole course, it will emphasize the material from the second half of the course. More details will be provided in class.

Course Materials

Readings

The only required reading material for the course is the course-pack available from the copy center. However, a good reference textbook is “Service Management: Operations, Strategy, Information Technology” by Fitzsimmons, Fitzsimmons, and Bordoloi (8th edition).

Software

This course will make use of two simulation software packages. The monte-carlo simulation package @Risk is a Microsoft Excel add-in that is installed on all WSoB lab computers and may be installed for free on student computers. However, the software is Windows-based only. Thus, pure Mac users will need to plan to use the lab computers for these assignments.

Similarly, the discrete-event simulation package ExtendSim is available on WSoB lab computers. A student version can be purchased from the software company for \$25 for installation on your own computer. This software is available for both Mac and Windows.

Course Policies

Personal Electronics in the Classroom

Personal electronics are allowed in the classroom as long as they are used exclusively for class-related work (note taking, viewing files, related spreadsheets, etc.) and not used in a way that is distracting to the other students in the class. Phones, while not prohibited, are likely not useful for class-related purposes, and thus should largely be out of sight and should always be silenced.

Attendance

Students are expected to attend all classes. If a serious conflict arises, the professor needs to be

notified ahead of time and the professor may excuse the absence at his discretion. The best option for dealing with a missed class is to attend the other section if possible, but this must be approved by the professor ahead of time. Unexcused absences will negatively impact the student's class participation grade. Students are responsible for obtaining any notes or handouts for missed classes.

Academic Integrity

Academic integrity is a crucial element of all classes at UW-Madison. Students are expected to abide by the Wisconsin School of Business honor code. Any violation will be handled according to school policies. If you are ever in doubt about any issues regarding academic integrity (group work, sources referenced, etc.), please speak with the professor.

Office Hours

Office hours are noted on the first page of the syllabus. However, students are also welcome to schedule a meeting or drop by. If the door is open, I'm likely free to talk.

Accommodation for Disabilities

Please contact me early in the semester if you have a documented need for accommodation to obtain equal access to this course or to any assignment in the course. If you have any questions about this, please feel free to contact me. I will attempt to maintain confidentiality of any information you share with me.

Schedule

#	Date	Day	Topic	Case	Readings
1	1/22	W	Welcome & Intro		
2	1/27	M	Service Design Framework		
3	1/29	W	Service design & strategy		"Four Things..." by F. Frei
4	2/3	M	Service Example 1: Focus	Shouldice Hospital	
5	2/5	W	Service Example 2: New Product	Dropbox	
			Service Example 3: Servicization	Toyota Service Chain	
6	2/10	M	Service Quality		
7	2/12	W	Quality Lecture		"Stop trying to delight..."
8	2/17	M	Consistency	Ritz-Carlton	
			TPS in Services	Virginia Mason	"Lean Knowledge Work"
9	2/19	W	Managing Human Resources		
10	2/24	M	Managing Employees & Customers		"Breaking the Trade-off..." by F. Frei
11	2/26	W	Hiring Right, Setting Boundaries	Commerce Bank	
12	3/3	M	Company Culture	Zappos	"Zappos's CEO on Going to Extremes..."
13	3/5	W	Guest Speaker: David Miller, UW-System		
14	3/10	M	Understanding Customer Operators	ZipCar & ebay	
15	3/12	W	Service Failure & Recovery	JetBlue: Valentine's Day	
			Midterm Test		
			SPRING BREAK		
16	3/24	M	Managing Variability & Uncertainty		
			Matching Capacity & Demand		
17	3/26	W	Demand: Revenue Management Game		Economic Scene: Raising the curtain on the dynamics of pricing tickets... (from NYTimes)
18	3/31	M	Demand: Revenue Management 1		"Intro to Yield Management"
19	4/2	W	Monte Carlo Simulation		
20	4/7	M	Guest Speaker: Drew Madden, Nordic Consulting		
21	4/9	W	Demand: Revenue Management	BlueSky Airlines	
22	4/14	M	Intro to Queuing		"There's More to a Line than Its Wait" &
23	4/16	W	Capacity: Staffing		"The Psychology of Waiting Lines"
24	4/21	M	ExtendSim	Megacard Corp.	
25	4/23	W	Queue Design	The BAT Case	
26	4/28	M	Queue Design	Benihana	
					"Our Unpaid, Extra Shadow Work" (from NYTimes) &
27	4/30	W	Queuing Wrap up		"Justice, Wait for it, on the Checkout Line..." (from WSJ)
28	5/5	M	Project Presentations		
29	5/7	W	Wrap-up case:	TBD	