

# Chapter 14: Improving Service Quality and Productivity



## Customer Satisfaction as Result of Expected Service & Perceived Service

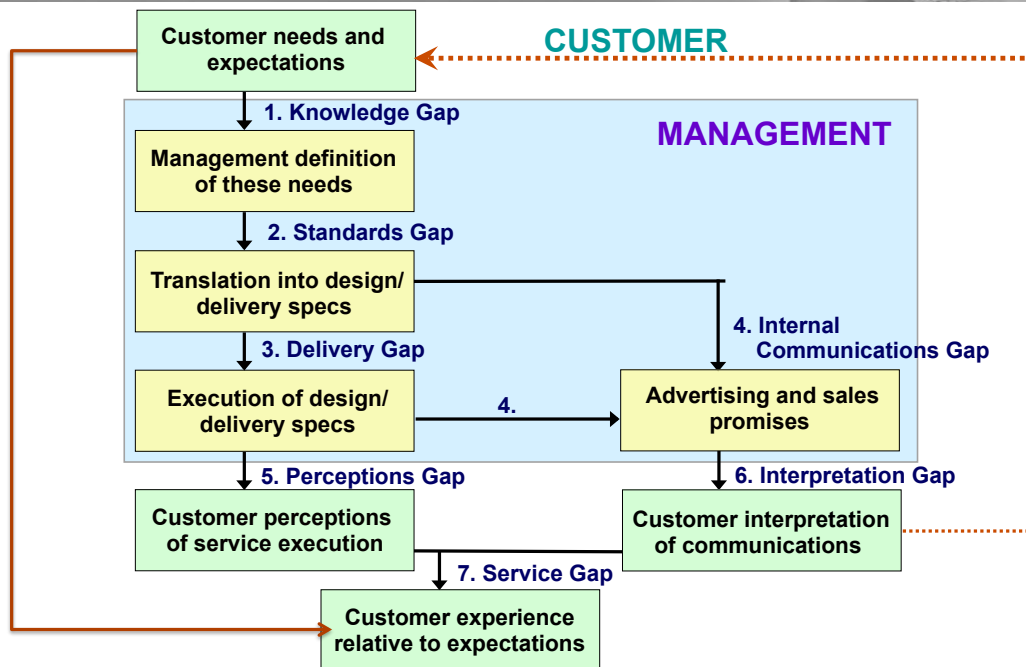
### The Customer Gap



*Service Quality*

# Seven Service Quality Gaps

(Fig 14.3)



## Prescription to cure

- **Gap 1- The Knowledge Gap:** Learn what the customer wants
- **Gap 2- The Standards Gap:** Establish the Right Service Processes and Specify Standards.
- **Gap 3- The Delivery Gap:** Ensure that Performance Meets Standards.
- **Gap 4- The Internal Communications Gap:** Ensure That Communication Promises Are Realistic.
- **Gap 5- The Perception Gap:** Tangibilize and Communicate the Services Quality Delivered.
- **Gap 6- The Interpretation Gap:** Be specific with the Promises and Manage Customers' Understandings of the Communication content.
- **Gap 7- The Service Gap:** Close Gaps 1-6 to Meet Customer Expectations Consistently.

## Group work: GAP Model



*This project offers you the opportunity to become consultants to a company. Choose a company where you will have relatively unrestricted access to information. Using the GAP Model, diagnose the different gaps that exist in that company. Come up with recommendations for the company on how to close those gaps. In order to complete the project, you may have to interview their customers, and the staff from various departments like marketing, human resource, and operations.*

## Soft and Hard Measures of Service Quality



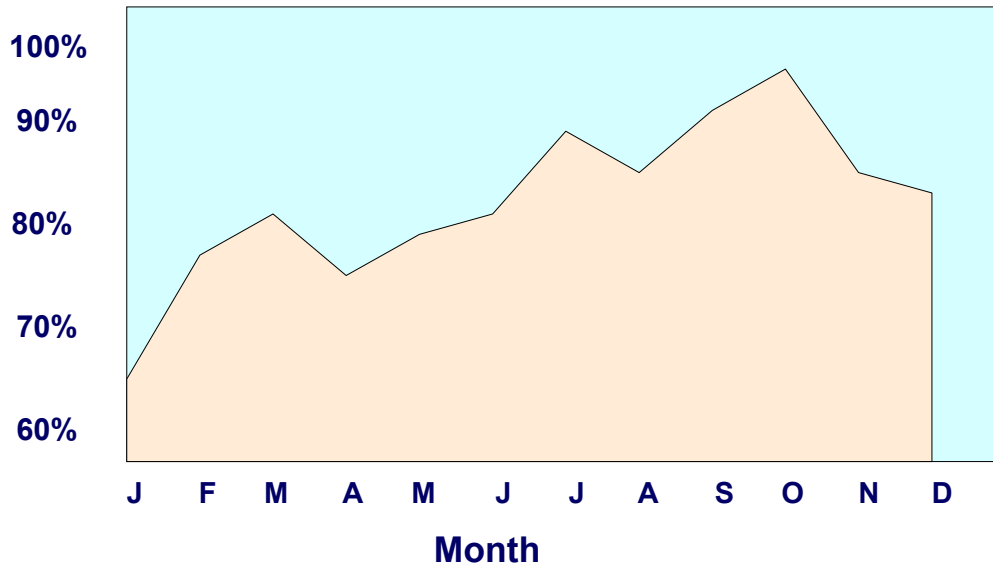
- **Hard measures**—can be counted, timed, or measured through audits
  - Typically operational processes or outcomes
  - Standards often set with reference to percentage of occasions on which a particular measure is achieved
  - Control charts are useful for displaying performance over time against specific quality standards
- **Soft measures**—not easily observed, must be collected by talking to customers, employees, or others
  - Provide direction, guidance, and feedback to employees on ways to achieve customer satisfaction
  - Can be quantified by measuring customer perceptions and beliefs
    - For example: SERVQUAL, surveys, and customer advisory panels

# Control Chart for Departure Delays

(Fig 14.4)



## % Flights Departing Within 15 Minutes of Schedule



## Components of Quality: Service-based



**Tangibles:** Appearance of physical elements

**Reliability:** Dependable and accurate performance

**Responsiveness:** Promptness; helpfulness

**Assurance:** Competence, courtesy, credibility, security

**Empathy:** Easy access, good communication, understanding of customer

## Group work: Develop a ServQual Scale for your Business



**Please develop a Questionnaire based on the ServQual Dimensions**

**Please take the table 14.1 and 14.2 as guideline**

## What is productivity?



➤ ???

## Integrating Service Quality and Productivity Strategies



- **Quality and productivity are twin paths to creating value for both customers and companies**
- **Quality focuses on the benefits created for customers; productivity addresses financial costs incurred by firm**
- **Importance of productivity:**
  - Keeps costs down to improve profits and/or reduce prices
  - Enables firms to spend more on improving customer service and supplementary services
  - Secures firm's future
  - May impact service experience

## What can you do to increase productivity in your business?



Discuss with your neighbor (don't have to be your group member)

- not too much people hired
- Operations hours
- Optimization of walking ways
- Equipment
- Ordering process
- Supplier selection
- Reservation process
- Efficiency

## Improving Service Productivity: (1) Operations-driven Strategies



- **Control costs, reduce waste**
- **Set productive capacity to match average demand**
- **Automate labor tasks**
- **Upgrade equipment and systems**
- **Train employees**
- **Broadening array of tasks that a service worker can perform**
- **Leverage less-skilled employees through expert systems**
- **Service process redesign**

## Improving Service Productivity: (2) Customer-driven Strategies



- **Change timing of customer demand**
  - By shifting demand away from peaks, managers can make better use of firm's productive assets and provide better service
- **Involve customers more in production**
  - Get customers to self-serve
  - Encourage customers to obtain information and buy from firm's corporate websites
- **Ask customers to use third parties**
  - Delegate delivery of supplementary service elements to intermediary organizations

## Generic Productivity Improvement Strategies



- **Typical strategies to improve service productivity:**
  - Careful control of costs at every step in process
  - Efforts to reduce wasteful use of materials or labor
  - Replacing workers by automated machines
  - Installing expert systems that allow paraprofessionals to take on work previously performed by professionals who earn higher salaries
- **Although improving productivity can be approached incrementally, major gains often require redesigning entire processes**



## Long Waiting Times May Indicate Need for Service Process Redesign (Fig 14.8)





## Questions When Developing Strategies to Improve Service Productivity



- How to transform inputs into outputs efficiently?
- Will improving quality hurt productivity?
- Will improving productivity hurt quality?
- Are employees or technology the key to productivity?
- Can customers contribute to higher productivity?

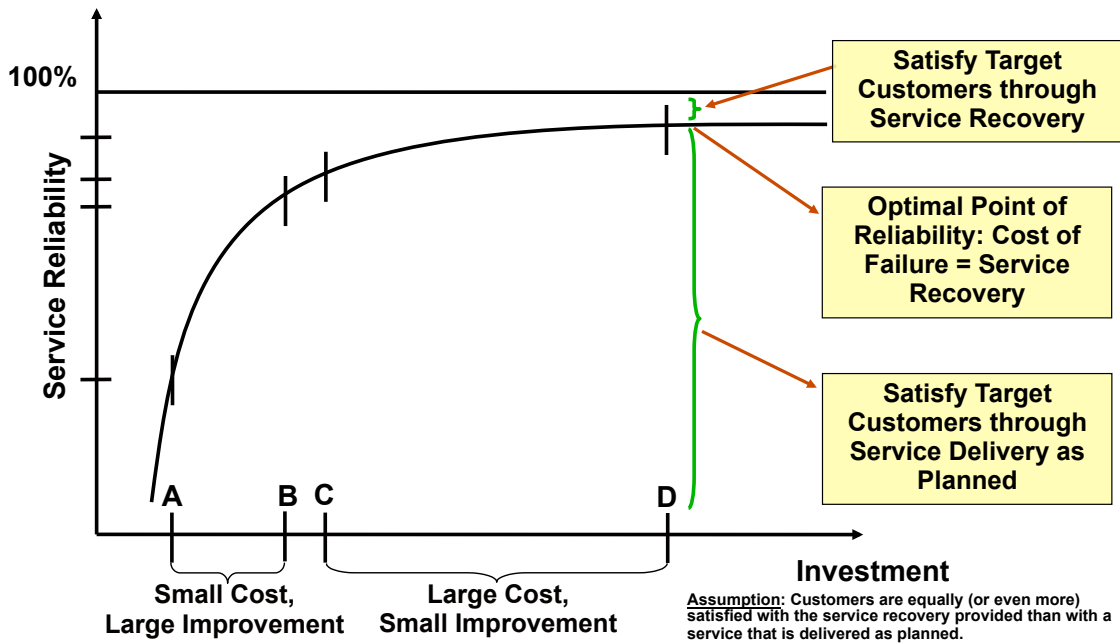


## Tools to Analyze and Address Service Quality & Profitability Problems



- **Fishbone diagram**
  - Cause-and-effect diagram to identify potential causes of problems
- **Pareto Chart**
  - Separating the trivial from the important. Often, a majority of problems is caused by a minority of causes (i.e. the 80/20 rule)
- **Blueprinting**
  - Visualization of service delivery, identifying points where failures are most likely to occur

# When Does Improving Service Reliability Become Uneconomical? (Fig 14.7)



# Cause-and-Effect Chart for Flight Departure Delays (Fig 14.5)

