

Managing Services
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Lecture – 24
People in Services

Hello, I am Jayanta Chatterjee from IIT Kanpur, we are discussing for the last several weeks and we will continue to discuss for the next few weeks, this interesting topic of Managing Services in today's world and the contemporary issues. If you recall in the last session, we were discussing about the people quality and leadership quality of Aravind Eye Care Hospital, Aravind Eye Care Foundation.

Today, we will consolidate those learning's. In the last session, we discussed that how in globally excellent top class service organizations in the world. We observed a range of duality, certain dialectics, where at the leadership level, we find strong will as well as humility.

And at the employee level, we find autonomy latitude in decision making at the front line as well as type discipline, good standard work processes, scientific principles in information flow, work flow design, good high technical performances in waiting line management, queue management, line balancing and so on. Today, I want to discuss in little bit more detail, the challenges faced by service organization employees.

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**Service Employees are Crucially
Important**
HSE → HSC

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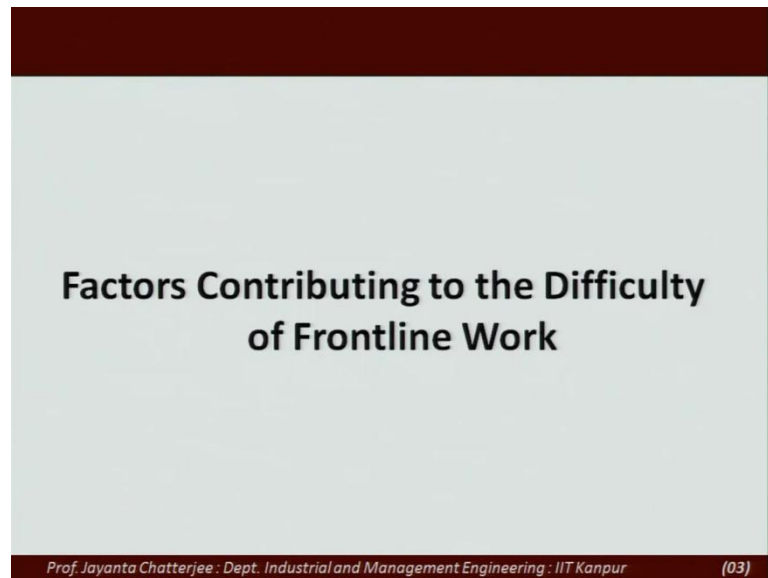
The concept that we discussed in the last session was that service employees are crucially important, because Happy Service Employees, I have called it HSE, they lead to Happy Service Customers. We saw some of those diagrams, the service profit chain model of SCAT; we saw the service satisfaction mirror and the tight coupling between employee satisfaction and customer satisfaction.

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But, even though conceptually this is very clear; that in most high contact services customer loyalty, customer satisfaction obviously will depend on high performance and the touch points. And therefore, capable, willing, happy, polite, accommodative, service employees are essential to give a high touch point experience. So, we want service employees to anticipate customer needs, they should be able to exercise their judgment and customize as necessary, they should be able to build personalize relationships.

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But these may sound common sense, they may sound simple, wise statements, but they are not easy in practice.

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The reason being the service personnel are often called boundary spanners, because they are at the boundary of the organization, they are frontline of the organization. So, they are between the external world, the market and the organization; that is one kind of boundary spanning they do. The other important aspect is that at the operations end, at the backend, people have very defined jobs.

So, the cooks cook, an accountants keep accounts, but at the front end in a high class restaurant or in a top class consulting organization, a customer may come in contact with one person with an expectation that, that person will not responded that this is not my job; that person will see to it that the customer gets right kind of service, response. So, that is another kind of boundary spanning service personnel are required to do for excellence, that they cannot let the ball dropped.

So, whatever may be their specialty, they will have to carry the batten in the proper way, so that the service reaches the customer in good time with good reliability. Also, if you see today's service organization, like Infosys or Wipro or Tata, TCS, where their employees are dispersed all over the world in small project teams in various locations and there at customer premises often and they will have to manage this duality then, the customer interest as well as the organizational interest.

Now, the customer and organization are in a commercial relationship and therefore, there will be some tension like in any other commercial relationship between the buyer and the seller. But, the service employees have to conform to the rules and expectations of their customer where they are located, but at the same time, they have to be guided by the moral commercial principles of their own organization.

So, delighting the customer and delighting their employer may sometimes come in conflict and that you need to have mature people at the front end, who will be able to balance these two sometimes conflict in demands. They need to be fast and efficient in executing the operational task, they have to do cross selling, up selling, they have to get the right kind of revenue, but at the same time, they have to delight the customer.

If you observe the people in operation in such organizations, you will understand that, there is often an underlying tension, which the service employee may not be free to express. So, they will have suppressed anguish, they will have suppressed displeasure, anger, frustration, it is well depicted in many TV serials and movies, where you see employees in this kind of front line situation, depicting the conflict between the inner feelings of the person and the demand of the role.

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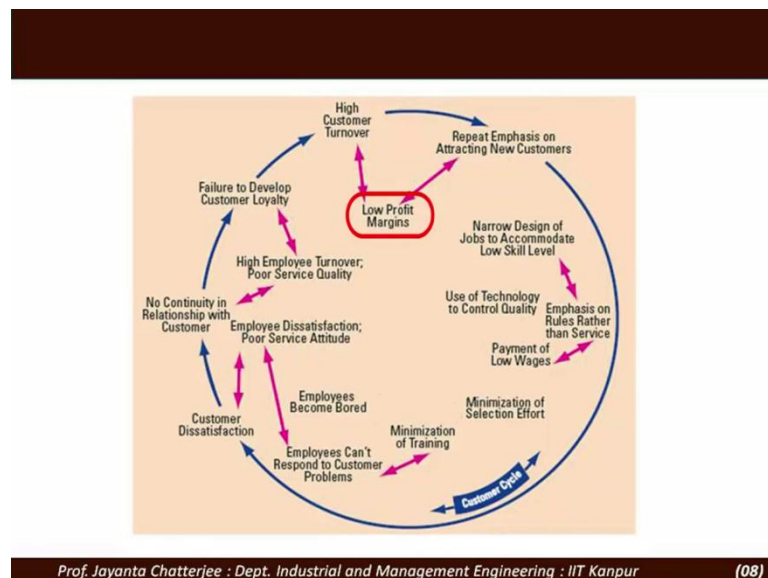
➤ “The act of expressing socially desired emotions during service transactions” (Hochschild, The Managed Heart)

- Performing Emotional Labor in response to society’s or management’s display rules can be stressful

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In fact, some researchers like Hochschild and others have talked about this condition called or this concept called Emotional Labor or Managed Heart. So, this emotional labor were the organization expects the person, service person, frontline person to behave in a certain way, the customers expects that person to behave in a certain way. Without paying any heal to that person’s personnel health condition, family condition their personal owes, their personal anger and sorrow and this is not easy to manage.

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So, in conclusion today, I will like to draw your attention to this dynamics and this particular sort of system dynamic or causal loop diagram that is in front of you, developed at MIT Silone School and this is called the cycle of failure. So, in this you will see all the things are interrelated, again that the system concept that we have often discussed that low profit margin and high customer turnover are not isolated events.

They come if you go back here, low profit margin is derived from employee dissatisfaction, poor service attitude and that will come from employees are bored, because their jobs are not designed their jobs are very narrow, they do not have latitude of decision making. And they are not allowed to exercise their own judgment that they are bound by very archive often archive set of rules, very tight budgetary controls. And if this cycle is a cycle of failure, the employee cycle, automatically the customer cycle will also lead to high customer turnover and therefore, low profit.

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THE EMPLOYEE CYCLE OF FAILURE

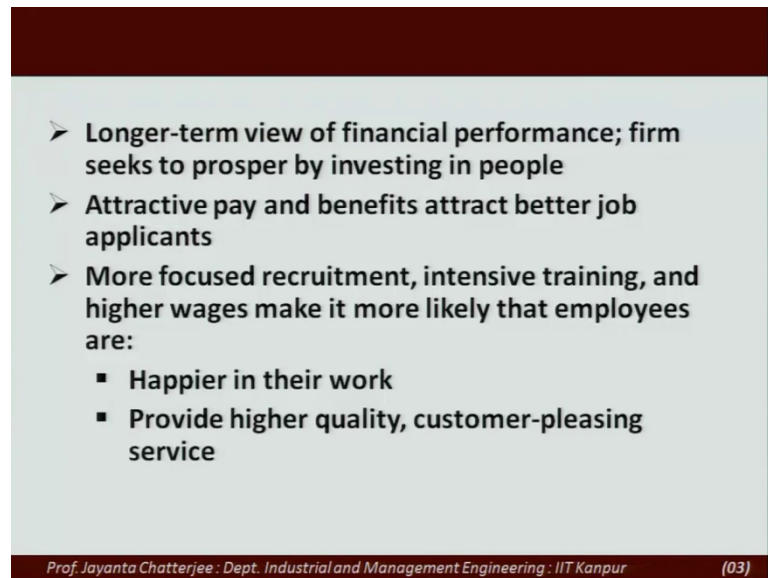
- **Narrow job design for low skill levels**
- **Emphasis on rules rather than service**
- **Use of technology to control quality**
- **Bored employees who lack ability to respond to customer problems**
- **Customers are dissatisfied with poor service attitude**
- **Low service quality**
- **High employee turnover**

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So; obviously, in the same way, this is explained here that this arises out narrow job design, low skill level, higher emphasis on technology rather than on people, bored employees, etcetera, leading to quality of services high employee turnover. And that opposite of this will be the cycle of success, where we will have people with autonomy, good job description, good process design, but at the same time, latitude for customization, personnel response at the frontline employee level.

They will have very high emphasis on efficiency and optimization and revenue, but they will at the same time have a belief that they are doing a job, which goes beyond the Aravind case. There are many other such service organization we will discuss, but we will see, the cycle of success will be at play in such organizations, when we look at their people.

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➤ Longer-term view of financial performance; firm seeks to prosper by investing in people

➤ Attractive pay and benefits attract better job applicants

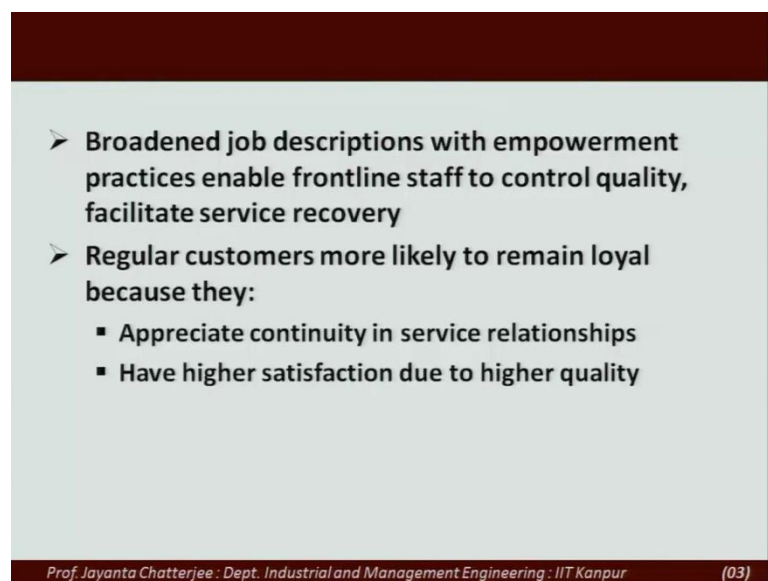
➤ More focused recruitment, intensive training, and higher wages make it more likely that employees are:

- Happier in their work
- Provide higher quality, customer-pleasing service

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Obviously, it means that we will have to have longer term view, good pay, good benefits.

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➤ Broadened job descriptions with empowerment practices enable frontline staff to control quality, facilitate service recovery

➤ Regular customers more likely to remain loyal because they:

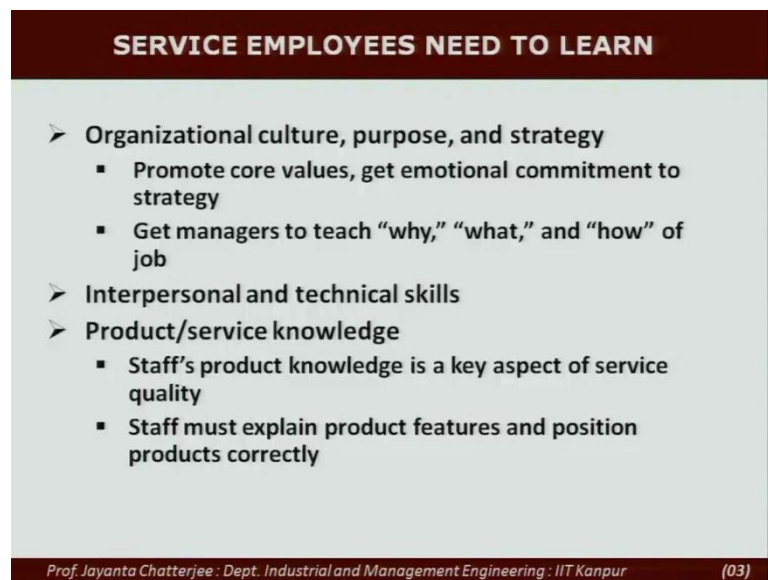
- Appreciate continuity in service relationships
- Have higher satisfaction due to higher quality

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Focus on happiness of customers, so this points needs to be understood in today's session that we expect a lot from the front line employees service personnel. They constantly are under pressure from customer expectation and from organizational expectation; they are always required to smile, show a cheerful face, behave politely.

Even though inside they may have different personnel problems, different health problems or displeasure or dissatisfaction, this constant duality is very stressful and the organization has to create systems like the broadened job description, job rotation, involvement in organizational decision making, organization goal setting. So, that tension; that stress can be managed.

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SERVICE EMPLOYEES NEED TO LEARN

- **Organizational culture, purpose, and strategy**
 - Promote core values, get emotional commitment to strategy
 - Get managers to teach “why,” “what,” and “how” of job
- **Interpersonal and technical skills**
- **Product/service knowledge**
 - Staff's product knowledge is a key aspect of service quality
 - Staff must explain product features and position products correctly

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On the other hand, you need to recruit such people, who will try to learn the culture, the purpose the strategy of the organization, they should have that attitude of learning, understanding, adopting. If therefore, this right recruitment, right human resource development is manage to right kind of system, we can create the structure that will allow the employee to excel and that will lead to the organizational, service organizational excellence.

Thank you.