

Managing Services
Prof. Jayanta Chatterjee
Department of Industrial Management and Engineering
Indian Institute of Technology, Kanpur

Lecture – 32
Case Study on Service Excellence – I

Hello, this is Jayanta Chatterjee from IIT, Kanpur and as you recall we are discussing about strategy in the context of Managing Services in today's world. To summarize what we discussed in the previous session, a strategic plan is a set of a map.

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WHAT IS A STRATEGIC PLAN

- A strategic plan maps
 - Where the organization is headed
 - Short and long range performance targets
 - Actions of management to achieve desired outcomes
- A strategic plan consists of
 - Mission statement
 - Strategic and financial performance objectives
 - Comprehensive strategy for achieving the objectives

Handwritten annotations in red:
- A scribbled-out line above the first bullet point.
- A box around "Where the organization is headed" with an arrow pointing to "Enhance Delight Factors for current customers".
- A box around "Actions of management to achieve desired outcomes" with an arrow pointing to "Cost effective customer acquisition".
- A box around "Strategic and financial performance objectives" with an arrow pointing to "Cost effective customer acquisition".
- A box around "Comprehensive strategy for achieving the objectives" with an arrow pointing to "Cost effective customer acquisition".

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The map metaphor is very important, because as we were discussing, the map metaphor tells us, that we are going from point A to point B and we have discussed that this is changing, this is changing therefore, this route needs to change. So, the map just like in a map we see different points connected through different ways. So, it is not exactly meandering that we are talking about, but we are talking about a flexible approach as we as situations evolves.

And, so to know where the organization is headed, where it is today and where it is going, so that is what we discussed about, what is and what could be by analyzing that in nutshell, what strategic analysis strategic thinking is all about. And your strategic plan will say, that ultimately this is the managerial action charter to achieve desired outcome. And we discussed in the previous session that this desired outcomes in terms of priority

first is to enhance the delight factors, enhance delight factors for current customers and co-opt current customers to acquire new customers.

So, your strategy plan must clearly provide for those processes, these highlighted processes and we talked about mission statement and we also said, that there has to be performance objectives, financial numbers, but that must be compensated with qualitative strategic plans for enhancing the delight of the current customers and co-opting them for future customers.

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IMPLEMENTING STRATEGY

- **Implementing a strategy involves**
 - **Creating fits between the way things are done and what it takes producing desired results on time**
- **The most important fit is between a strategy and**
 - **Organizational competencies**
 - **A HRM structure and Organizational culture**

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Now, this is again can be looked at from another different way that; obviously, a strategy is more of doing rather than planning. In fact, a poor plan with strong execution concerted effort at every level of the organization will have a higher probability of success compared to a brilliant plan, brilliant thinking, but poor execution. So, execution is very important and in execution, the most important thing is to have everybody on the organization on the same page.

So, which means that right from the formulation stage, not only your employees, but even your customers should be part of that formulation and more importantly, this is done by many organizations. But, what organizations often forget to do that as situations evolve as they take corrective calibrating actions, they often forget to keep the customers or the employees involved. So, in the dynamics of the year as it rolls out, sometimes people are desynchronized.

So, the synchronization of all departments and key customers with respect to the strategy evolution is very important. Now, to achieve this successfully, we have to also know that these two factors are very important, we discuss this in the context of the Aravind Eye Care, that how they actually recruit people, who are not only competent, but also are inspired by the mission by the super ordinate goal of the organization, which is to serve people at the bottom of the economic pyramid at the lowest possible cost.

Such lofty goals should be shared and you should recruit people, who are of that type to respond to such goals that can be done by understanding the Maslow's hierarchy of needs and identifying such people, who are driven by the higher level of needs. And your incentive structure, your compensation structure, the entire human resource management structure also must be geared up, so that they are in tune with your evolving strategy.

And this comes later, this compensation, incentives, rewards, punishment really does not have much of a position. There will be attrition, but it is very important that in a service business, that usual attrition has to be handled in such a way, that it does not disturb the core of the organization. People may leave for higher pursuits or different pursuit or different careers, but just like a river in a normal flow will neither have flood nor will have drought, that normal flow maintenance is very important. That means there has to be always a core set of employees in tune with customers, in tune with the goals and that can be often ensured by paying good attention to your organizational culture, which should be customer oriented, which should be market oriented and these are concepts that what does it mean customer centricity, customer orientation.

What does it mean to make your organization market-oriented or all part of the strategic orientation? We have discussed many of these issues that what does it mean to be customer oriented in the earlier sessions, what does it mean to be market oriented in the earlier session about when we discussed about segmentation, targeting, positioning.

But, we will come back to these issues about, how to remain constantly market oriented, customer-oriented, how to remain constantly focused on enhancing the customer delight, current customers delight, co opting them and so on. But, when before I progress to the next section, I must highlight one particular point to remember in the strategic contest, that what gives us success today, may not be the tool for success tomorrow.

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If you get used to a hammer, then you will start choosing all problems as nails, which may not be at all the appropriate approach or you might neglect some other very important problems, because you have the hammer in your hand and you are looking for nails, which means that you must remain flexible, you must have a strategic toolbox. You must know when to use what, with the pole star in front of you, which is constantly enhancing the delight of the current customer, constantly co-opting the current customer as you go on expanding your market footprint.

So, every time there is a problem, so that you do not fall into this hammer and nail paradigm or trap check with the customer, check with your employees, check with your front line, the people always in contact with the customers. So, the service business, the front line and the customer interface all the touch points are very important even at a strategic level.

So, in a manufacturing organization for goods or in goods thinking, you can think about the top floor and the shop floor differently, separately top floor and the shop floor. But, in service business you must see it as a continuous flow from the front line to the back and forward as a loop as a closed loop operation; that is what systems thinking is all about and that should be the core of your service strategy thinking.

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EVALUATING PERFORMANCE

- The tasks of strategic management are not one-time only exercises because
 - Times and conditions change
 - Events change over time
 - New ways to do things surface
 - New managers have different ideas take over
- Managers must
 - Constantly evaluate performance
 - Monitor situation and decide how well things are working
 - Make necessary adjustments
 - Alter organization's long-term direction
 - Raise or lower performance objectives
 - Modify strategy

Handwritten notes: A diagram shows a box labeled 'Control' with 'input' and 'output' arrows. Another diagram shows a box with a circle and an arrow. A note says 'Flexible approach to strategy implementation' with an arrow pointing to 'Modify strategy'.

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Of course, as the strategy rolls out you have to constantly evaluate performances, monitor the situation. So, again if your think is in terms of the our standard closed loop control system approach; that means, you have an input and here you may actually have a set calibration. So, this is your kind of your strategy, there are various kinds of inputs, you have the organizational process, which is leading to the output to the customers, this is the customer facing site, this is your output.

So, in a service business this part, where the service is generated and delivered and you recall that in service, often they are inseparable. This part, the touch point and the strategy setting the input, they all must remain connected. So, the input signal therefore continuously must be recalibrated with real time feedback from your front line and from your customers.

So, this monitoring of the situation must be real time, not periodic and these days with good use of information and communication technology, all your systems of like ERP etcetera will allow you to get a daily, almost hourly, almost instant feedback of changing situation with respect to inventory, with respect to customer feedback, with respect to problems in the marketplace, with respect to complaints and so on.

So, this ability to... I would not say modify, but I would say a flexible approach to strategy implementation is very important and flexible does not mean, that you change every other day. Flexible means that keeping the pole star of delighting your current

customers in front of you. Always test the evolving situation with respect to that super ordinal goal and see what needs to be done to coarse correction, when we discuss about certain specify examples these sort of philosophical a conceptual processes will become clear.

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A SITUATION ANALYSIS

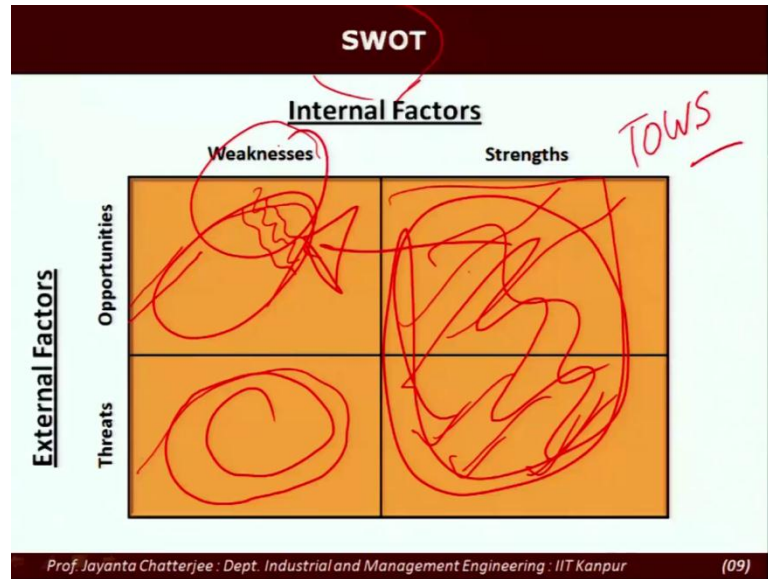
- **A situation analysis identifies strategic options and opportunities**
- **A situation analysis involves**
 - **External factors: Microenvironment (industry and competitive conditions)**
 - **Internal factors: Microenvironment (organization's internal situation and competitive position)**
- **External factors**
 - **Industry's dominant economic traits**
 - **Competitive forces** ✓
 - **Competitive moves of rivals**
 - **Key success factors**
 - **Attractiveness of the industry**

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Now, one of the things we do and it is very simple approach, but quite powerful is what we do we call a situation analysis. So, we analyze the external environment we analyze things like, what is happening with the competitors, what sort of technology is a developing, weather this industry reveals remaining attractive or alternate industry is developing. So, whether there is a strong emerging force like the personal media or social media, which is constantly challenge, challenging the commercial media.

So, this dichotomy between or the tassel between social media, personal media and a commercial media may constantly changing direction giving possibilities creating possibilities and those are all the different economic factors, that is part of your situation analysis.

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So, with that you can develop this, this is you know on top as is it written, it is called SWOT Strength Weakness Opportunity Thread. Out of this week and develop what is known as that TOWS matrix you know TOWS the TOWS matrix; that means, you put the external factors like threads and opportunities on this side and weaknesses and strengthen on this site and is 2 by 2 matrix is an excellent tool simple.

But, very useful tool to understand, that what are the new emerging opportunities which are sort of not accessible to you currently or not being able by you well currently, because of your weaknesses and what opportunities you can do very well, because you are strong in those. And, similarly what are the threads, that are further complicated by your weaknesses and what are the treads that you can respond to well by using your strength.

So; obviously, this is a position that must be continuously strengthen continuously retained enhanced embellished and so on. And this is, where we have to use string to supplement are weaknesses, so when you engage in the assignment, that we discussed in the last session of last week when will looking at this Dabbawalas and I requested you to fill up those two pages about, where the Dabbawalas can go 5 years from now, 3 years from now and what do they need to do to respond to the emergency situations like social media Smartphone based food ordering system, what will they do if people like food panda coming to the domain of the Dabbawalas.

And they co opt, that business model that they can deliver stuff from your home and mix it with stuff that can come from one of the vendors, this intermixing of networks have disrupted it many other businesses can it happen in this food delivery business of the famous Bombay Dabbawalas. And what can they do now that, those two pages that I requested you to fill up as your assignment you can now do better by using this particular 2 by 2 matrix the toes matrix it is process can be applied to most strategic situations and can also give us excellent indicators for developing for a good tactical plan. So, with this I will end today's fashion and we can continue with another important concept, which will help you to compliment your work with the TOWS matrix.

Thank you.