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

Lecture - 39
Service Quality

Hello, so this is week 7 and our third session and this is our session in which we will conclude various aspects of Service Quality and the new emerging issues in managing services with respect to service quality. In the last session, I share with you some interesting research on this topic and today, I will share some known and some emerging methods with respect to managing service quality and subsequently from there, we will go to service recovery.

In the last session, we discussed that in a failed service situation, if you are able to persuade the customer to articulate their dissatisfaction, then the recovery is a very powerful force. And a customer who is dissatisfied and has articulated by the service recovery strategy, we have a good chance of making that customer delighted and from the delight stage; it is more likely for that customer to become your advocate.

If you have done well in terms of taking redressal steps when the service failed, so in that way therefore, if you remember the assignment that I had discussed at the end of the last session; that it is some sort of a blessing in disguise. So, dissatisfied customer, who has articulated his or her dissatisfaction is a very important asset for creating customer advocacy.

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Now, service quality measures different authors and researchers have looked at in a different ways. Professor Gronroos and others had talked about the so called functional quality; that means, the aspects of quality that are and then they talked about technical quality. So, functional quality are more like outcome oriented quality and then, there are process oriented quality issues.

So, service quality measures therefore will be soft measures; that means, these are particularly relating to empathy or assurance, etcetera. So, here these are not very easily observed and you need to a talk to customers at length as well as front line employees to find out these particulars problems. So, SERVQUAL, which is based on that gap philosophy, so using the gap model, the SERVQUAL, which is short for service quality is a very powerful set of questionnaire that can be applied to different sorts of services to illustrate customers dissatisfaction and key or the root causes of the dissatisfaction.

On the other hand, the sort of in the technical area, which are related to the process, you can take some hard measures, because these are steps that you can take like industrial engineering steps, where you can improve the throughput, reduce the waiting time, reduce the length of the queue, reduce the number of infectious movements from point to point. So, these are hard measures that can also improve service quality.

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This is an interesting chart that gives you a comparative study that how different types of enquiry mechanisms to find out, that to collect customer feedback. So, these are the strength and weakness of customer feedback collection tools, so we have things like total

market survey including competitors; that is very important that the firm level. As you see here, we have taken these different types of collection tools and we have here the firm level, process level, transactions specific level, actionable, representative and reliable, potential for service recovery, first and learning and cost effectiveness.

So, for example, as you see here service feedback collection is a very important one, because you can get a reasonably good input here at firm level, you can get excellent feedback here with respect to process level, transactions specific level and actionable ideas can be generated and potential for service recovery is very high here. So, therefore, service feedback, those enough who has feedback forms that can be distributed by persuading the customers to respond to the feedback form will be a very cost effective way to improve your service.

Similarly, another thing that is often used is mystery shopping; that means the auditors the quality auditors will sending somebody or will going themselves without telling the service employees about their presence. And this kind of feedback are also very good to understand transactions, specific failures and actionable corrections. Focus groups is another type where you actually meet with a group of targeted customers and this also very good ways of finding out transactions specific failures and actions that can be taken to take care of those failures.

So, you will have this chart in your downloadable PPT and you should study this in greater depth and see how in your case, in your business, which combination of tools will be most suited and you can apply them.

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HARD MEASURES OF SERVICE QUALITY

- Service quality indexes
  - Embrace key activities that have an impact on customers
- Control charts to monitor a single variable
  - Offer a simple method of displaying performance over time against specific quality standards
  - Enable easy identification of trends
  - Are only good if data on which they are based are accurate
- FedEx: One of the first service companies to understand the need for an index of service quality that embraced all the key activities that affect customers

And in some cases like federal express did this, again you can find good article on this, that federal express combined all the different types of occurrences of service failure and or critical points of the customer contact or the critical touch points. And based on that, they developed this, what they called a service quality index. So, it embraces all the key activities that have an impact on the customer and based on that, then using some control chart and some statistical tools, you can create a composite index.

So, it will vary from like federal express did this so in a courier service and that sort of logistics related services, federal express service quality index can be an excellent model. But, obviously, if you are looking at a healthcare operation, so Aravind eye care will not be able to use federal express service quality index, they will have to develop their own. So, take the critical touch points, the critical failure points, remember we discussed about FMEA, Failure Mode Effect Analysis.

Using that sort of technique, you identify those critical failure points and using that, what is the acceptable level of quality etcetera, you can develop this index.

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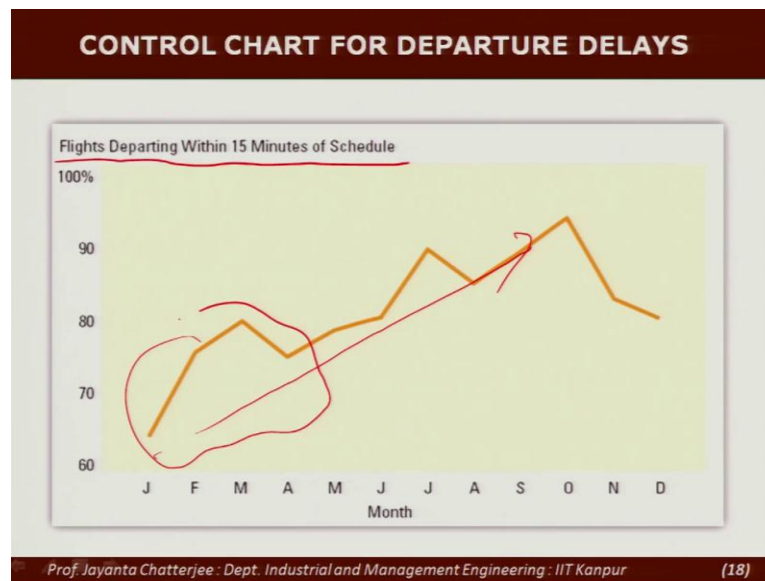
A sort of similar case here, this is you can track the flight departure, this is for an airline. So, flights departing within 15 minutes of schedule and you can actually collect data, this is as you can see here, January, February, March, April onwards it has been collected and as it shows that, it is almost, it is going above 90 percent somewhere and it is the continuously rising trend. And you can then analyze that, what cost these less than 80 percent stage earlier and what made this improvements happen and then, you try to enshine that into some sort of a best practice manual for your business.
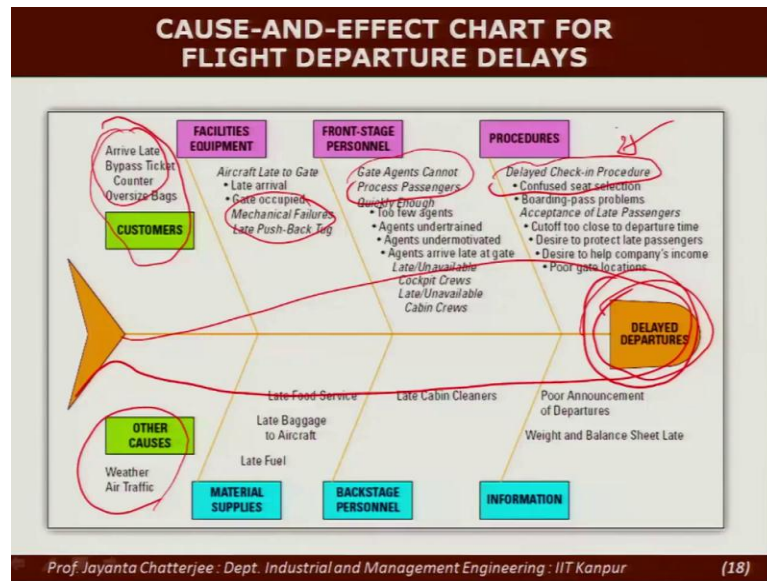
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I am going to discuss now, three very important tools that we use in service business, the first one is called fishbone diagram.

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The fishbone diagram is so called because it is look like a fish as you can see here, the tail and this is the kind of head. So, it is looks like a fish. What it does is, fundamentally if delayed departures, you are trying to find out that what cost in this earlier diagram ((Refer Time: 09:43)) that we saw; that what cost these delays were less than 80 percent flights took off on time or within 15 minutes of schedule. And then, you actually start firm right from the back from the customers.

So, arrive late, customers arriving late, there bypassing ticket counter oversize bags and there are… So, these are a usually factors, which are in your control and these can be factors, which are not in your control. So, customers then we look at facilities, so these are all causes that are leading towards delayed departure. So, equipment failure or facility related failures. That means, aircraft arrival late to the gate, the gate was occupied some kind of mechanical failure.

So, all the different instances are noted and they are put on these chart. So, this also you can easily see, this is a kind of a cost effect analysis. So, we are trying to analyze this effect, which is delayed departure and we are trying to find all the root causes that ultimately resulted in this departure. And it also shows that in most services businesses, this is a kind of cost effect analysis or root cause analysis, you will actually delve to socio technical factors.

So, there will be some factors like customer is arriving late that will be a human factor, there will be some factor like mechanical failure, which will be a technical failure. There

will be some failure, which is inability or lower level of performance of the people at that gate, the service provider set the gate or but there could be some very technical issues with respect to delayed check in procedure. In a whether computer system, which shows the latest status of the flight by inside flight seat allocation etcetera, if that is not up to date, if that is not fast enough, then you are check in procedure will be delay.

I am sure many of you have experience this that the line is moving very slowly, because the check in agent, he is not able to process each customer so fast. So, once you do this, based on that, you can then develop systems, which will actually eliminate when you off these. As you know for example now, the web checking or telephone checking compensates for that delaying a check in time and therefore, it reduces the length of the queue.

And even if the overall system maybe stills sluggish, because changing a complete airlines booking system is among us very expensive, but you can do supplementary actions often you take care of these factors. After you have found from this fishbone chart or the cost affects the root cause analysis at a different things that have cost the delay in departure at various points of time.

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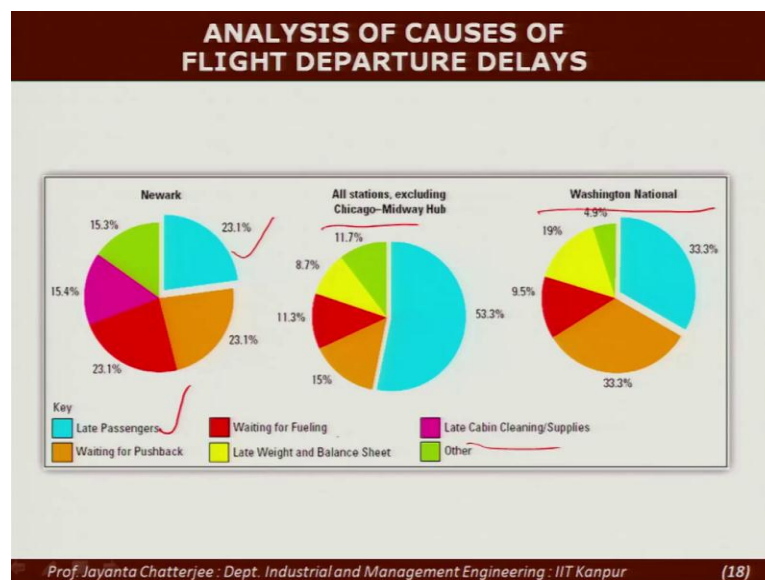
Then, you can actually put them on a pie chart like this. So, if you see this has been collected from an American airlines situation, so this is Newark, this is Chicago, this is Washington National. And yet every point like a at Newark 23.1 percent the delays were cost due to late passengers, then in case of Chicago 53.3 percent delays were cost due to

delayed a late passengers.

In case of Washington 33.3 percent were sue to passengers arriving late, there are others like waiting for pushback, waiting for fueling, late cleaning or cabin supplies and so on. But, as you see overwhelmingly ((Refer Time: 14:01)) the pie chart immediately we will to you that the key cost of delay is later arrival of passengers. Then; obviously, you can take corresponding actions.

I was discussing you about the Cano model and I was talking to you about that there are some factors which are absence of those the cost dissatisfaction. But, the presence beyond the certain limit beyond the certain step will not enhance satisfaction, kind of saturates.

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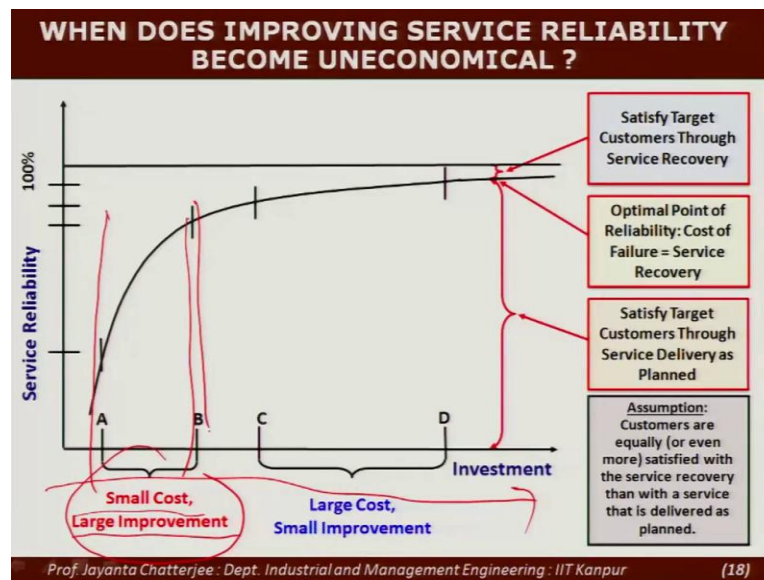
Similarly, itself have a similar saturating graph, but this is being used for a different purpose, here it shows here that the service reliability few draw a graph between service reliability and the investment that you have to make the service reliable. Obviously, you like to achieve 100 percent reliability, but as you see there are no hanging fruits usually, where it is a small cost and a very large improvement can be made.

((Refer Time: 15:07)) So, simply by creating some telephone based system of calling up the customers, sending them sms's about check in time, tracking which customers have not yet checked in and some online, on telephone immediate contact back with them. This short of things and also may be just by changing the check in margin from 1 hour to 1 and half hours can easily this is a therefore, a small cost can make a large

improvement, because this 23 percent or 33 percent delays were cost by later arrival of passengers.

But, then as you proceed this graph kind of saturates, so there are these are large improvements with small cost, but the reverse situation here that small improvements will happened you to in spite of large cost investment here.

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So, that brings us to another important tool, which is the pareto chart also often known as the 80, 20 rule, which means 80 percent of the delays can be 80 percent of the failures, 80 percent of the dissatisfaction causes can be explain by 20 percent factors. So; obviously, we should focus on these 20 percent, the difficulties to know which factors are part of this 20 percent bunch and that can be found out through this kind of a root cause analysis or fishbone diagram type of chart.
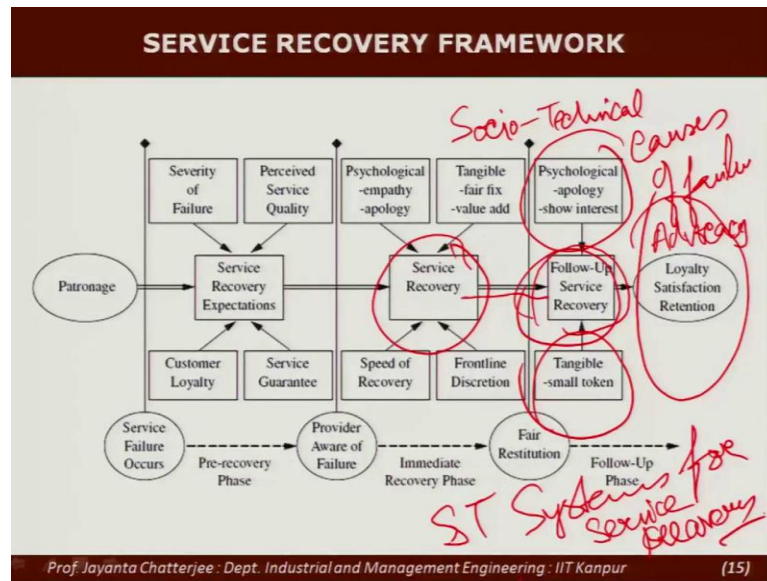
And then, doing some more statistical a queuing, so this is the diagram with which I will conclude today and we will take up the next stage, which is the service recovery a process, which is a key process in service management to a create customer advocacy. So, as it shows here that our ultimate aim is loyalty customer satisfaction, retention and I am adding continuously advocacy.

To arrive at this stage we need service recovery, then further follow up on the service recovery, we need psychological factors as well as tangible inputs and so we will discuss a little bit more; that socio technical causes of failure and socio technical systems for service recovery. So, this will be our topic for the next couple of sessions. Today, we conclude therefore the three sessions on service quality, it is importance in services business and the different classes of factors that contribute service quality.

Thank you.