SERVICE DESIGN There are many similarities between product and service design. The lower the degree of customer contact and service requirement variability, the more standardized the service can be. Service design with no contact and little or no processing variability is very much like product design. Here are some examples of those different types: Insulated technical core; little or no customer contact (e.g., software development) Production line; little or no customer contact (e.g., automatic car wash) Personalized service (e.g., haircut, medical service) Consumer participation (e.g., diet program, dance lessons) Self-service (e.g., supermarket) If there is little or no customer contact, service system design is like product system design. Differences between Service Design and Product Design Service operations managers must contend with issues that may be insignificant or nonexistent for managers in a production setting. Implicit services (ancillary/extra features, such as friendliness, courtesy). Consequently, service design often focuses more on intangible factors (e.g., peace of mind, ambiance) than does product design. 1 Adapted from James A. Fitzsimmons and Mona J. Fitzsimmons, Service Management for Competitive Advantage (New York: McGraw-Hill, 1994). It is provided by a service delivery system, which includes the facilities, processes, and skills needed to provide the service. The ability to create and deliver reliable customer-oriented service is often a key competitive differentiator. The accompanying goods that are purchased or consumed by the customer, or provided with the service. Explicit services (the essential/core features of a service, such as tax preparation). This requires an assessment by top management of the potential market and profitability (or need, in the case of a nonprofit organization) of a particular service, and an assessment of the organization's ability to provide the service. Conversely, high variability and high customer contact generally mean the service must be highly customized. Products are generally tangible; services are generally intangible. In such instances there is less latitude in finding and correcting errors before Service Something that is done to or for a customer. Service package The physical resources needed to perform the service, the accompanying goods, and the explicit and implicit services included. This poses restrictions on flexibility and makes capacity issues very important. Services are highly visible to consumers and must be designed with that in mind; this adds an extra dimension to process design, one that usually is not present in product design. Demand variability alternately creates waiting lines or idle service resources. The service component in products is increasing. Successful companies combine customeroriented service with their products. System design involves development or refinement of the overall service package: 1 1. Two key issues in service design are the degree of variation in service requirements and the degree of customer contact and customer involvement in the delivery system. Copyright (C) 1994 McGraw-Hill Companies, Inc. This places additional pressures on service design to be innovative and cost-effective. Hence, design of services and choice of location are often closely linked. However, there are some important differences as well, owing to the nature of services. One major difference is that unlike manufacturing, where production and delivery are usually separated in time, services are usually created and delivered simultaneously. Service refers to an act, something that is done to or for a customer (client, patient, etc.). Many services are not pure services, but part of a product bundle--the combination of goods and services provided to a customer. Overview of Service Design Service design begins with the choice of a service strategy, which determines the nature

and focus of the service, and the target market.Once decisions on the focus of the service and the target market have been made, the customer requirements and expectations of the target market must be determined.These have an impact on the degree to which service can be standardized or must be customized.A related consideration in service design is the opportunity for selling: The greater the degree of customer contact, the greater the opportunities for selling.In many instances services are created and delivered at the same time (e.g., a haircut, a car wash).Service delivery system The facilities, processes, and skills needed to provide a service.Product bundle The combination of goods and services provided to a customer.GLUJKDP#[G DH 166 Chapter Four Product and Service Design the customer has a chance to discover them.Consequently, training, process design, and customer relations are particularly important.Some services have low barriers to entry and exit.Location is often important to service design, with convenience as a major factor.Services cannot be inventoried.The physical resources needed.2.3.4.These include the following: 1.2.Used with permission.LO4.11 Discuss the two key issues in service design.3.4.5.6.7.Service systems range from those with little or no customer contact to those that have a very high degree of customer contact.8.