

PGDM/IB, 2015-17
Service Operations Management
DM-342/IB-313
Trimester-III, End-Term Examination: March 2016

A

Time allowed: 2 Hrs 30 Min

Max Marks: 50

Roll No

Instructions: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means**. In case of rough work please use answer sheet
Use of calculators is permitted.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	50

Section A

Q1: McDonald, Dominos, Pizza Hut, all have used franchising as a major strategy to facilitate massive multi-site growth to emerge global brands. How is growth managed through franchising in the fast food sector .

Q2: Schmenner in his classic *service process matrix* positions a hospital under the quadrant of 'Service Shop'. Highlight the characteristics of 'Service Shop' and the challenges implied before the service managers?

Q3: For a high-volume/low variety service (business-to-customer), identify potential gaps between customer expectation and customer perception of service delivery. Give illustrative examples.

Q4: Perishability is considered as one of the distinctive characteristics of service operations. Discuss five major challenges before a service operations manager to provide service

Q5: A cafeteria is operated by five servers to carry out the following activities in average time as noted against each activity.

Sr.No	Activity	Av. Time seconds
1	Serve salad, pickles	10
2	Serve orange juice	30
3	Serve soup	60
4	Serve vegetables	20
5	Tally and collect coupons against payment	30

- What is the bottleneck activity and current maximum service capacity per hour?
- Suggest reallocation of activities to double the current capacity. (2,3 Marks)

Section B

Q 1: Prince Hotel with a capacity of 100 rooms in Agra is offering a three day special holiday plan for Rs 6,000 per person. Normal stay at Prince for three days costs Rs 8,000 per person. The management wants to hold some tickets for late decision makers who might pay the normal rate of Rs 8000. As per the experience of the management the demand for normal rate tourists follows normal distribution with a mean of 65 and a standard deviation of 15. The management desires to know as to many seats it should reserve for the full rate tourists. Use *Marginal Cost Analysis*.

(b) You propose to set up a fast food restaurant on franchise arrangement with Subway. What could be your choice of criteria to zero in on a suitable location.

[7,3 Marks]

Q2: Mother Dairy is planning to open milk booths in new emerging localities of Greater Noida. It has identified four locations A,B,C,D, and E. The dairy has decided to open one milk booth, gain experience and then will go for the next till all the clusters are covered.

Population at D has mostly 'below- the poverty- line' population. As a socially responsible organization Mother Dairy considers that locality D should get a higher priority of two times than all other localities to get a milk booth.

The distance between each of the localities and their population are given in table below.

Use **Ardalan Heuristic** and advise Mother Dairy about the priority of opening of booths. Assume uniform cost of travel at Rs1.0 per kilometer either way throughout the locations.

Location	Distance to (Kilometers)					Population '000
	A	B	C	D	E	
A	0	10	12	15	8	10
B	10	0	20	11	7	20
C	12	20	0	16	6	15
D	15	11	16	0	9	20
E	8	7	6	9	0	30

Q3a. Because of the highly variable demand in hospitality service sector, the industry deploys many approaches based on the concept of managing demand. Discuss five popular initiatives.

b. V3S Shopping Mall at Poorvi Sanskritic Kendra complex is situated centrally in Preet Vihar with a population of 200,000. Cross River Shopping Mall at Karkardooma complex is situated centrally in Anand Vihar with a population of 100,000.

Distance between the two shopping malls is 3 Kilometers

Use Reilly's law of gravity to determine point of indifference of V3S from Cross River Mall.

[5,5Marks]

Section C

RAC Motoring Service

Founded as the Royal Automobiles Club in 1897, RAC Motoring Services is now part of Lex Services Inc and provides a range of motoring services to individual members, businesses and car manufacturers. With over 6 million members and one of the world's most advanced computer systems, the RAC is committed to providing roadside assistance, repair and vehicle recovery. Its range of products and services also includes travel information, vehicle inspection, route planning and driver training through its subsidiary, BSM. In 2001 RAC was ranked as the number one Roadside Assistance Provider in Customer Satisfaction by J.D. Power and Associates. This was the second time it had achieved its accolade in the four-year history of the study.

Niegal Paget, the RAC'S operations director, explained the reasons for its success:

We deliver an excellent service. Our focus has always been on consistency of delivery and treating the customer as an individual. We try to provide an empathetic, understanding and reassuring service. We try to understand the person's situation. If your car window jams in an open position it may not be an emergency for some people, but if it is pouring with rain or you are about to go on holiday, it needs sorting straight away. We try to respond to the situation at the time.

Our vision is to be the first choice provider of individual motoring solutions to the consumer and to businesses. Our distinction is not just our range of services but our personality. These are the attributes of our organization, our brand values. They are about how we behave towards our customers and towards each other, day in and day out. RAC'S brand values are concerned with being practical, willing, honest, individual, responsible and flexible. Demonstrating these brand values really sets us apart from our competitors. Some of these values are functional, others are more concerned with the emotional side. In essence, they are about the way we do things around here. For example, we try to select people on their personality.

It's not easy in a business like ours to make it personal for our customers but we do try to do this- it's about empathy and understanding. For example when someone rings in we don't ask them for their name or car details straightaway, we ask how can we help them. When they tell us their car has broken down and there is steam coming out of it, we will

empathize; our colleagues use phrases like 'Oh that sounds awful-don't worry I am sure we can do something about that for you'. While they are saying this they are putting the details into the computer ready to pass on to a patrol. We want it to feel personal and to show that we really care. If a customer is ringing on a mobile we will offer to call them back. We might then say 'And so that I can help you further can I take your registration number please?' We don't give our name first either. We exchange names later because our research tells us people forget the name if they hear it initially.

We let the customer set the agenda. We may find, for example, that the customer has got a problem that does not need a patrol. There is a big difference between putting in a litre of diesel into a petrol vehicle and putting in 10 litres into an already empty tank. If it is the former we can tell them that the vehicle is perfectly drivable and they will believe us-they trust us. Or it may be something they want to sort out for themselves so we put them on to one of our technical engineers who can then advise them. This is obviously of benefit to us. It avoids the cost and if we can avoid this 2 or 3 per cent of the time then it's a benefit straight on the bottom line. However, the critical thing is the customer benefit. It is customer satisfaction that drives our decisions.

(Source: Robert Johnston & Graham Clark, Service Operations Management)

Q. Develop the RAC's Service Concept, encapsulating information about:

- a. The organizing idea
- b. The service experience
- c. The service outcome
- d. The service operation
- e. The value of the service

[5×3=15 Marks]