



International College of Management Sydney

In association with

**Macquarie University
Division of Economic and Financial Studies
Graduate Accounting and Commerce Centre**

**Managing Service Relationships
ICMS802**

**Unit Outline
Semester 1 - 2008**

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit.

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1) Introduction – Managing Service Relationships

This unit is designed to draw together many contemporary issues in business and society. These issues reflect current perspectives and theories of services and the function they play in today's economy. The course explores the changes in importance to economies from manufacturing to services. The unit uses content from International Marketing and International Trade, and discusses current developments in way that services are branded and packaged. Multiple theoretical frameworks and models are used with practical applications highlighting the linkages that exist in the consumer product and service industries. The focus is on how services should be provided.

The inclusion and production of service has become integral to the success of businesses. As societies increase their wealth, education and leisure time, so do their dependence on services. Whether included in consumer goods, personal care or home services, service is the most commonly used differentiator in marketing campaigns. Analysing consumer goods and business to business organisations, there will be an indepth understanding of how services are developed, delivered and evaluated.

Presented in a lecture/tutorial/case study format, the classes emphasise *analytical learning*. Students gain the maximum benefit by thinking critically about the concepts and various factors discussed in lectures/tutorials and then applying them to the selected case studies. Primary focus of the lecture/tutorial sessions is on argument and debate about how services relationships can be managed effectively.

The unit uses and critiques the relevant theory necessary to understand services and links these concepts to specific companies in the real world as case studies. Using this method of learning, you will understand how these theories have been applied appropriately and inappropriate in differing organisations.

2) Unit Objectives

The aim of this unit is to ensure that future managers and decision makers working in tourism have a thorough knowledge of its complex nature and the characteristics that underpin this discipline.

LEARNING OUTCOMES

At the end of this unit the student will be able to:

- gain increased knowledge of cultural bases for diversity in behaviour among international service providers and their clients
- identify ways to improve the quality of these relationships for both parties in terms of mutual and social responsibility, and business ethics
- enhance the effectiveness of the decisions made by both parties in the context of these relationships
- identify the service function in differing enterprises and how it relates to the key performance indicators of successful businesses.

3) Unit Approach

This unit is lecture/tutorial based. Typically, the class-time structure will be as follows:

<i>Hour</i>	<i>Type</i>	<i>Activity</i>
0.75	Revision and discussion of previous topics and case studies	<ul style="list-style-type: none">▪ Revision of readings and case studies▪ Discussion and debate of set case studies▪ Brief discussion of questions you might have▪ Discussion of the current lecture's topics▪ Break
1.5	Lecture	<ul style="list-style-type: none">▪ Presentation and discussion of course content and theories▪ Discussion of examples linked to theories▪ Break
0.75	Exam question discussion	<ul style="list-style-type: none">▪ One or more possible exam questions will be provided on BlackBoard, for which students must prepare answers for class discussions based on previous lecture materials and readings▪ This is a self directed learning activity

- Revision and discussion: students are required to study the theories presented in class and fully understand the authors' application. The student should then critique the validity of such theories for selected organisations. Application of the theories to selected organisations and case studies should be completed as self-directed learning. All students should be prepared to actively discuss these case in class the following week.
- Lectures: Managing Service Relationships theory and concepts will be presented from the primary text, while additional theories will be introduced from supplementary readings. The primary objective of these sessions is to present, explain and apply the selected theories. Students are encouraged to think of their lives and lifestyles – how services are selected and consumed.
- During tutorial sessions students will present real world cases and lead the class discussion. Generally, the focus here is on a thorough analysis of the situation by conducting research, applying theory to the case, evaluating possible options and recommending a realistic and promising solution. Further details regarding the case study assignment are discussed in section six.
- The lecture notes, readings and possible exam questions will be posted on **Blackboard** prior to the subject delivery. It is your responsibility to download and print them in preparation for the lecture/workshop. Please note: there may be changes to these notes due to updates and ongoing research

4) Unit Time and Location

All classes are offered at the Manly Campus. Lectures and tutorials run concurrently in the session.

5) Subject Pre-requisite and Assessments

There are no pre-requisites for this subject.

6) Assessment schedule

The assessment components of this unit are as follows:

<i>Component</i>	<i>Weighting</i>	<i>Assessment</i>
<u>Assignment 1</u> Case Study Analyses and Discussion: Lovelock <i>et al</i> (2007) or other material that may be provided.	8%	Weekly class discussion; individual preparation of analysis and questions for set questions based on case studies and readings.
<u>Assignment 2</u> Exam preparation questions as set.	7%	Weekly preparation of responses to exam questions.
<u>Case Study Research Assignment 3</u> Case study research report. Students select a venue catering to tourism or other visitors (eg, hotel, shopping centre, amusement park, zoo, etc.) and report on the variety and quality of services using technology that the venue delivers.	30%	2-3 students will collaborate on researching and developing a case study report.
<u>Final Exam</u>	55%	Individual mark (20 questions given throughout term for discussion, of which 5-6 will be in the final exam)
Total	100%	

- All students are required to complete assigned readings; prepare for and attend all classes (i.e. class attendance and participation is compulsory); participate in class discussions; complete assignments (including case presentations); and complete the final examination.
- 80% attendance at classes (i.e. lectures and tutorials) is a prerequisite to passing this course. Attendance will be taken at the *beginning of class* to ensure this.

- Case assignments submitted after the due dates have to be accompanied by a doctor's certificate. Five marks will then be deducted for each day late. If you are unable to provide a doctor's certificate, you will be awarded zero marks.
- **Pass:** Besides having to pass this unit *overall* (i.e. achieving a final mark of minimum 50 out of 100 points), students must also pass the final exam
- *Appeals for alteration of grades:* Students wishing to appeal their grade must do so through the authorised University channel. The only time marks can be changed is due to an error in adding up. As this is done automatically through a spread-sheet, it is highly unlikely that this situation will ever arise.

Case Studies

There are three assessable components of the course based on or connected with case studies. Case studies will be used to generate discussion and enrich your understanding of service management issues as well as to improve your information collection and interpretation skills. The purpose is to apply theoretical concepts to real world cases.

- 1) The weekly individual Case Study Analyses and Discussion of set readings (Assignment 1) are self-directed learning that stimulate debate and challenge your interpretation and application. All students are required to actively participate in classroom discussions of the cases and must come to class having thoroughly read the case and readings allocated for that week and be prepared to answer the set questions, which will be documented and marked each week.
- 2) The Case Study Research Assignment (Assignment 3) takes a team approach so students will need to work with other class members. Students are required to undertake these case studies as self-directed learning. Students are encouraged to research and develop the cases in pairs or small groups. Details of the assignment are on BlackBoard.
- 3) Although, Assignment 2, comprising weekly preparation of responses to exam questions, is based on the theories that you learn, it is also linked to the work you do on case studies as examples.

7) Exam

The final exam will consist primarily of essay-type questions and will be discussed during regular class times throughout the course. As preparation for the final exam, students will be given specific questions via BlackBoard, a number of which will be reviewed each week. Of the 20 questions given throughout the term, 5-6 of them will form a part of the final exam. Students are expected to prepare responses to the questions based on theoretical concepts and cases studied during the course.

This exam is *closed book* and *no dictionaries* will be allowed. You will be tested on all topics covered during class and tutorials, *including videos, class handouts; possible talk(s) of guest speaker(s) and material not mentioned in the official class notes*. Please note that, due to time constraints, it is not possible to cover each and every slide of the lecture notes during lecture time. It is a requirement for all students to read the relevant textbook chapters as part of the overall course requirements and to study material not specifically discussed during class on their own (since this could also be tested). The exam may also cover the assigned case studies discussed in tutorials.

The final exam *must* be taken when scheduled. The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. Information about unavoidable disruption and the special consideration process is available at: <http://www.reg.mq.edu.au/Forms/APSCons.pdf>

If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period. You are advised that it is Macquarie University policy not to set early examinations for individuals or groups of students. Students should also note that supplementary exams are subject to a more rigorous marking procedure owing to the benefit of extra study time for the student.

8) Textbook and related materials

Essential text:

Lovelock, C. Patterson, P. and Walker, R. (2007) **Services Marketing**, Sydney, Pearson Education Australia

Also recommended:

Normann R., (2002) **Service Management – Strategy and Leadership in Service Business**, 3rd Edition, Chichester, Wiley

Zikmund, W., McLeod Jr, R., Gilbert, F., (2003) **Customer Relationship Management**, John Wiley and Sons USA

Schmidt, W., Adler, G., and Weering, E. (2003) **Winning at Service**

Journals:

Journal of Services Management

Annals of Tourism Research

Australian Journal of Hospitality and Tourism Management

Bureau of Tourism Research Publications

Information Technology and Tourism

Journal of Leisure Research

Journal of Sustainable Tourism

Journal of Tourism Studies

Journal of Travel and Tourism Marketing

Tourism, Culture & Communication

Tourism Economic

Tourism Management

Office of National Tourism: <http://www.dist.gov.au/tourism/>

World Tourism organisation: <http://www.world-tourism.org/>

Travel and Tourism Intelligence: <http://www.t-ti.com/index.htm>

Australian Bureau of Statistics: <http://www.abs.gov.au/>

9) Teaching Staff

Lecturer	Jennifer Adelstein B.A. (Hons.) UNSW, PhD (submitted)	Email: jadelstein@icms.edu.au
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10) Cheating and Plagiarism

The University defines plagiarism in its rules: “Plagiarism involves using the work of another person and presenting it as one’s own”. Plagiarism is a serious breach of the University’s rules and carries significant penalties. You must read the University’s practices and procedures on plagiarism. These can be found here: <http://www.student.mq.edu.au/plagiarism/>

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in unit, and/or referral to the University Discipline Committee.

11) University Policy on Grading

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG).

On occasion your raw mark for a unit (ie. the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performance of their students should achieve similar results.

It is important that you realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact it does something like the opposite, in requiring examiners to explain their actions if more than 20% of students fail in a unit. The process of scaling does not change the order of marks among students.

12) Student Support Services

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au/>.

13) Dress Code for students at the International Campus in Manly

The International College of Management Sydney is a leading educator in hotel management, tourism and associated service industries. To encourage a spirit of excellence in personal appearance as part of our education program, preparing graduates for careers in service industries, the College expects all staff and students to conform to a professional level of dress while on College premises. The College has a mandatory dress code for all its undergraduate students which Masters students are asked to respect. Below is the dress code that currently applies:

Female acceptable	Male acceptable
<ul style="list-style-type: none"> - Coordinated business suit - Skirts knee length and below - Make up simple and natural - Panty hose are not compulsory but recommended - Boots only with business pants - Business like shoes - Business skirt or pants with shirt or high neck long sleeve top - Jumpers and vests over shirt/top 	<ul style="list-style-type: none"> - Business suit - Business pants with shirt or high neck long sleeve top - Polo neck tops - Conventional haircut above the collar - Long hair in one ponytail - Trimmed and clean beards or moustaches - Business like shoes preferred however ankle boots permitted - Jumpers and vests over shirt/top
Female not acceptable	Male not acceptable
<ul style="list-style-type: none"> - Any denim - Open toe, platform or sports shoes - Wearing visible earrings or studs apart from on ear lobes - Visible tattoos - T-shirts - Revealing necklines - Extreme hair colours or styles - Stirrup pants - Midriff tops 	<ul style="list-style-type: none"> - Any denim - Open toe, platform or sports shoes - Wearing visible earrings, studs, necklaces or bracelets - Visible tattoos - T-shirts - Extreme hair colours or styles - Rings on thumb or index finger

All students taking MIB and MCom units at the International Campus are expected to abide by the dress code while attending classes or elsewhere on the Campus, including the computer laboratories or the Courtyard Café. Please note that the Pollard Resource Centre is free of dress rules. **Students who do not respect the dress code may be asked to leave the campus.** The College reserves the right to determine whether specific items of dress are within the code or not. *Thank you for being part of our great College community. Not just an education! An experience!*

14) ICMS 802 – Lecture and Tutorial Outline

Session	Topic – Activity - Reading
1	<p>Topic: Service society – myth or reality Key learning topics:</p> <ol style="list-style-type: none"> 1. Evolution of work forces – unskilled to skilled 2. Manufacturing vs services or tangible vs intangible 3. New economy – the forces driving change <p>Reading from: Norman (2002), Chs.1 and 2</p> <p>Self directed learning <u>Reading</u></p> <ul style="list-style-type: none"> • Gummesson, E. (1994), <i>Service management: An evaluation and the future</i>, International Journal of Service Industry Management, 5 (1): 77-96
2	<p>Topic: Service systems – management and development Key learning topics:</p> <ol style="list-style-type: none"> 1. Foundations and characteristics of service 2. Services – skills and delivery 3. Use of services in business <p>Reading from: Norman (2002), Ch.3; Lovelock <i>et al</i> (2007), Ch.1</p> <p>Self directed learning (BlackBoard – Session 2) <u>Readings</u></p> <ul style="list-style-type: none"> • Chase, R.B. (1978), Where does the customer fit in a service operation? Harvard Business Review, November-December, pp.137-141 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Lovelock <i>et al</i> (2007), <i>Kiwi experience</i>, Case 1: 495-501
3	<p>Topic: The service concept Key learning topics:</p> <ol style="list-style-type: none"> 1. Composition of service package 2. Ingredients of service package 3. Service concepts and delivery packages <p>Reading from: Lovelock <i>et al</i> (2007), Chs.5 and 7</p> <p>Self directed learning (BlackBoard – Session 3) <u>Reading</u></p> <ul style="list-style-type: none"> • Collier, D.A. and Meyer, S.M. (1998), <i>A service positioning matrix</i>, International Journal of Operations & Production Management, 18 (12): 1223-1544 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Smith, G. (2004), <i>An evaluation of the corporate culture of Southwest Airlines</i>, Measuring Business Excellence, 8 (4): 26-33

4	<p>Topic: Dynamic diagnosis of service</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Mechanisms to service 2. Virtuous circles and vicious cycles <p>Reading from: Norman (2002), Ch. 4</p> <p>Self directed learning (BlackBoard – Session 4)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Thomas, J.S., Reinartz, W. and Kumar, V. (2004), <i>Getting the most out of all your customers</i>, Harvard Business Review, 82 (7/8): 116-123 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Daun, W. and Klinger, R. (2006), <i>Delivering the message: How premium hotel brands struggle to communicate their value proposition</i>, International Journal of Contemporary Hospitality Management, 18 (3): 246-252
5	<p>Topic: Customer behaviour, quality and satisfaction</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Customer purchase pattern, risk and dissonance 2. Quality, customer satisfaction and loyalty <p>Reading from: Lovelock <i>et al</i> (2007) Chs.3 and 4</p> <p>Self directed learning (BlackBoard – Session 5)</p> <p><u>Reading</u></p> <ul style="list-style-type: none"> • Gulati, R. and Oldroyd, J.B. (2005) <i>The quest for customer focus</i>, Harvard Business Review, April, pp. 92-101 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Bennett, R., and Rundle-Thiele, S. (2004), <i>Customer satisfaction should not be the only goal</i>, Journal of Services Marketing, 18 (7): 514-523
6	<p>Topic: The client as a customer and building image</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. The role of the customer 2. Making the client productive 3. Individualising services 4. The importance of image in service <p>Reading from: Lovelock <i>et al</i> (2007), Chs.2 and 9</p> <p>Self directed learning (BlackBoard – Session 6)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Jackman, J. M. and Strober, M.H. (2003), <i>Fear of feedback</i>, Harvard Business Review, 81 (4): 101-107 • Butler, T. and Waldroop, J. (2004), <i>Understanding "people" people</i>, Harvard Business Review, 82 (6): 78-86 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Lovelock <i>et al</i> (2007), <i>Banyan Tree Hotels</i>, Case 11: 564-570

7	<p>Topic: Creating and reproducing services in an international market</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Business lifecycle and drift 2. Reproduction of a service and continuous development 3. Diversification 4. Internationalisation <p>Reading from: Norman (2002), Chs.12 and 13; Lovelock <i>et al</i> (2007), Ch.14</p> <p>Self directed learning (See BlackBoard – Session 7)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Grönroos, C. (1996), <i>Relationship marketing: strategic and tactical implications</i>, Management Decision, 34 (3) : 5–14 • Nicoulaud, B. (1989), <i>Problems and strategies in the international marketing of services</i>, European Journal of Marketing, 23 (6): 55-66
8	<p>Topic: Service and the professional organisation</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Professional organisations structure and functions 2. Service delivery in professional organisations 3. Management of service standards <p>Self directed learning (See BlackBoard – Session 8)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Lakhe, R.R, and Mohanty, R.P. (1995), <i>Understanding TQM in service systems</i>, International Journal of Quality & Reliability Management, 12 (9): 139-153 • Harmon, E.P., Hensel, S.C. and Lukes, T.E. (2006), <i>Measuring performance in services</i>, The McKinsey Quarterly, 1 (Winter), pp. 30-39 • Thomnke, S. and von Hippel, E. (2002), <i>Customers as innovators: A new way to create value</i>, HBR, 80 (4): 74-81
9	<p>Topic: Service and its relationship to products</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Integration of service with a tangible product 2. Function and value expectations of support service 3. Changing consumer patterns and the delivery of service <p>Reading from: Norman (2002), Chs.8 and 10</p> <p>Self directed learning (See BlackBoard – Session 9)</p> <p><u>Reading</u></p> <ul style="list-style-type: none"> • Banaji, M.R., Bazerman, M.H. and Chugh, D. (2003), <i>How (un)ethical are you?</i> Harvard Business Review, 81 (12): 56-64 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Lovelock <i>et al</i> (2007), <i>Perth Zoo</i>, Case study 2: 502-509

10	<p>Topic: Human resource management and successful service delivery</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. The role of the human resource management 2. Corporate culture and its role 3. Service staff and culture <p>Reading from: Norman (2002), Chs.6 and 7; Lovelock <i>et al</i> (2007), Ch.11</p> <p>Self directed learning (See BlackBoard – Session 10)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Hofstede, G. (1983), <i>The cultural relativity of organizational practices and theories</i>, Journal of International business Studies, 12 (2): 75-89 • Earley, P.C. and Mosakowski, E. (2004), <i>Cultural Intelligence</i>, HBR, 82 (10): 139-146 (See BlackBoard – Session 10) <p><u>Case study</u></p> <ul style="list-style-type: none"> • Lovelock <i>et al</i> (2007), <i>Blake Dawson Waldron</i>, Case 10, pages 559-563
11	<p>Topic: Technology and service</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. Self service to full service continuum 2. Technology and delivery of service 3. Technology and loyalty <p>Reading from: Norman (2002), Ch.9</p> <p>Self directed learning (See BlackBoard – Session 11)</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Rigby D. and Ledingham D (2004), <i>CRM done right</i>, HBR, 82 (11) 118-129 • Gulati, R. and Garino, J. (2000), <i>Getting the right mix of bricks & clicks</i>, HBR, 78 (3): 107-114 • Lagrosen, S. (2005), <i>Effects of the internet on the marketing communication of service companies</i>, Journal of Services Marketing, 19 (2): 63-69 <p><u>Case study</u></p> <ul style="list-style-type: none"> • Deutsch, C.H. (2007), <i>U.P.S. embraces high-tech delivery methods</i>, The New York Times, July 12

12	<p>Topic: Relationships and profitability</p> <p>Key learning topics</p> <ol style="list-style-type: none"> 1. What is a service relationship 2. Profitability and the relationship 3. Lifetime value and its importance to profitability <p>Reading from: Lovelock <i>et al</i> (2007), Chs.6 and 9</p> <p>Self directed learning</p> <p><u>Readings</u></p> <ul style="list-style-type: none"> • Javalgi, R.G., Whipple, T.W. and Ghosh, A.K. (2005), <i>Market orientation, strategic flexibility, and performance: implications for services providers</i>, Journal of Services Marketing, 19 (4) : 212–221
	Final Exam