International College of Management Sydney

In association with

MACQUARIE UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS

GRADUATE STUDIES OFFICE

Managing Service Relationships ICMS802

UNIT OUTLINE
Semester 1 - 2010

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

Lecturer:
Dr Jennifer Adelstein
jadelstein@icms.edu.au

Table of Contents

1) Introduction – Managing Service Relationships

The course Managing Service Relationships simulates a real world situation of consultation and collaboration. The unit is designed to draw together many contemporary issues in business and society, which 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 ways 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 have 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. In analysing consumer goods and business-to-business organisations, there is specific focus on understanding how services are developed, delivered and evaluated.

Presented as workshops in a lecture/tutorial/case study format, the classes emphasise *analytical learning in a collaborative environment,* thereby simulating a real world situation of consultative teamwork. 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 discussion, argument and debate about how services relationships can be managed effectively.

The unit uses and critiques the relevant theories necessary to understand services, and links these concepts to specific companies in the real world as case studies. Using this method of learning, the cohort will understand how these theories can be applied to different types of organisations.

2) Unit Objectives

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

Learning Outcomes

On successful completion of the unit, students 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 in terms of mutual and social responsibility

- enhance the effectiveness of decisions made 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

- develop blueprints of services delivery to identify failure points and resolutions.

3) Unit Approach

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

Hour	*Type*	*Activity*
0.25	**Revision & discussion of previous topics and case studies**	▪ Discussion of readings ▪ Brief discussion of questions you might have ▪ Discussion of the current lecture topics ▪ Break
1.5	**Lecture**	▪ Presentation and discussion of course content and theories ▪ Discussion of examples linked to theories ▪ Break
1.25	**Weekly exam question discussion**	▪ A list of possible exam questions is provided on Black Board based on lecture materials and readings. Each week, students will be required to prepare answers to one or more questions from the list and submit them via email prior to class. During class discussions, students will work collaboratively to develop 'model' answers to these questions

- Revision and discussion: Students are required to study the theories presented in class and the readings to be able to 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 and will be applied to the possible exam questions during class to develop 'model' answers to these questions. All students are required to be fully prepared to actively participate in class discussions.

- 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.

- Case study assignment: As the major assignment, students will form small groups to develop a real world case study. The focus will be a thorough analysis of a multi-service venue 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 6.

- The lecture notes and possible exam questions are posted on **MQ Unit Portal**. It is the students' responsibility to download and print them in preparation for the lectures/workshops. Please note: there may be changes to these notes due to updates and ongoing research.

- Readings are listed in Section 14 of the Unit Outline and are available in their entirety on the **MQ Unit Portal** as pdf documents. They are self-directed learning and form an important part of the overall course learning for use in the exam question preparation and major assignment.

4) Unit Time and Location

All classes are offered at the Manly Campus. Lectures and tutorials run concurrently during the three-hour 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:

Component	*Weighting*	*Assessment*
Assignment 1 **Preparation of answers to set examination questions (see Black Board for complete list of possible exam questions).**	**30%**	Each student will be assigned one exam question per week as an individual assignment. Using the texts and readings, students are required to email their answer prior to class, complete with references and bibliography. During the class, a model answer to each of the set questions will be developed through collaborative student discussion. Students' scores will be an aggregate of their 6 best individual submissions plus class participation in developing the model answers.
Case Study Research Assignment 2 **Case study research report. Students select a multi-service venue catering to tourism or other visitors, and report on the use of technology for service delivery of at least two of the services that the venue delivers (eg, hotel café/room service, shopping centre facilities management, amusement park staff services, zoo logistics, etc.)**	**20%**	3-5 students will collaborate on researching and developing a case study report. We will aim to submit case studies for publication in peer-reviewed academic journals. As a group assignment, each student in the group will receive the same mark as other group members. Due Week 11.
Final Exam	**50%**	Individual mark. Of the 20 questions given throughout term for Assignment 1, 4-5 will be in the final exam.
Total	**100%**	

- All students are required to complete assigned readings; prepare for and attend all classes (ie, class attendance and participation is compulsory); participate in class discussions; complete assignments; and complete the final examination.

- 80% attendance at classes (ie, 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 must be accompanied by a doctor's certificate, otherwise penalties will apply. Five marks will be deducted for each day late up to 5 days, after which zero marks will be given.

- **Pass:** Students must pass the exam in order to pass the unit, irrespective of accumulated marks.

- *Appeals for alteration of grades:* Students wishing to appeal their grade must do so through the authorised University channel. Marks can only be changed due to an error in adding up. As this is done automatically through a spreadsheet, it is highly unlikely that this situation will ever arise.

Assignment 1 – Exam Question Preparation

Comprising weekly preparation of responses to possible exam questions, Assignment 1 is based on the theories and readings. All students are required to actively participate in classroom discussions and must come to class having thoroughly read the readings allocated for that week. Students can achieve a maximum of 5% for each week's submission, with the best six submissions achieving the total score of 30%.

There are two elements to the assignment

1. As preparation for the possible exam questions, students need to have read and prepared their answers prior to the following week's lecture. Answers need to be documented and submitted in the BlackBoard assignment drop box PRIOR to the lecture. They are expected to be of high quality and in depth, and will be marked each week.

2. Additionally, students need to bring their prepared responses to class where a set of model responses to the questions will be developed collaboratively during the lecture. The final exam will be based on these questions.

Assignment 2 – Case Study Report

Case studies are used to generate discussion and enrich your understanding of service management issues as well as to improve your information collection and interpretation skills. Cases will be used throughout lectures to apply the various theories. Their purpose is to apply theoretical concepts to real world situations.

The Case Study Research Assignment Report takes a team approach so students will work with other class members. The teams will be selected in Week 4 and are expected to work together in their own time to develop the necessary strategies and divide the workload to produce a successful report.   Details of the assignment are on Black Board. A site visit in Session 5 will provide an important example of a multi-service site.

7) Exam

The final exam will be of 2 hours duration and take place on Thursday June 4 (10.00am – 12.10pm) in the Great Hall. It will consist primarily of essay-type questions that are prepared and discussed throughout the course, which are then applied to real world situations. As preparation for the final exam, students are given specific questions via the Macquarie University Portal, a number of which will be reviewed each week. Of the 20 questions given throughout the term, 4-5 of them will form a part of the final exam. Students are expected to prepare responses to the questions based on theoretical concepts and readings studied during the course.

This exam is *closed book* and *no dictionaries* will be allowed. Students 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 may not be possible to cover every PowerPoint slide of the lecture notes during lecture time, so that students are expected to review the lecture and raise any questions on the previous week's lecture or readings. 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 attending the 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

Each student is expected to purchase the essential text; however, recommended and other readings are available in Open Reserve in the ICMS library, the Macquarie campus library, or online via the Macquarie Portal.

Essential text:
Lovelock, C. Patterson, P. and Walker, R. (2007) **Services Marketing: An Asia-Pacific & Australian Perspective**, Sydney, Pearson Education Australia. ISBN 9780733986789

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
Harvard Business Review (HBR)
Information Technology and Tourism
International Journal of Operations & Production Management
International Journal of Service Industry Management
Journal of Leisure Research
Journal of Sustainable Tourism
Journal of Tourism Studies
Journal or 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. UNSW, double 1st Class Honours – History and Sociology** **PhD UTS – Management and Organisation Studies**	Email: jadelstein@icms.edu.au

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. Students must read the University's practices and procedures on plagiarism. These can be found in the *Handbook of Postgraduate Studies* or on the web at: 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 a student is 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

The Macquarie University Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. A student's final results will include one of these grades plus a standardised numerical grade (SNG).

On occasion, a student's raw mark for a unit (ie, the total marks for each assessment item) may not be the same as the SNG. 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 students realise that the policy does not require that a minimum number of students are to be failed in any unit. In fact, the University does the opposite, by 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.

Grade definitions

HD	High Distinction 85-100%	Denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.
D	Distinction 75-84%	Denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit.
Cr	Credit 65-74%	Denotes performance which is substantially better than would normally be expected of competent students in the unit.
P	Pass 50-64%	Denotes performance which satisfies unit objectives.
PC	Pass Conceded 45-49%	Denotes performance which meets unit objectives only marginally.
F	Fail 0-44%	Denotes that a candidate has failed to complete a unit satisfactorily.
FA	Fail Absent 0-44%	Denotes that a candidate has failed to complete a unit satisfactorily and was absent from a compulsory final examination
W	Withdrawn	No grade as student withdrew with permission prior to final examination
I	Incomplete	Grade yet to be determined as all assessment tasks have not yet been completed
IS	Incomplete Supplementary	Supplementary examination approved and yet to be completed

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 (ICMS) 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
- 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**	**- Business suit** **- Business pants with shirt or high neck** **- Long-sleeved 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
- 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	- 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 MComm 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	**Topic:** Service society – myth or reality
	Key learning topics:
	  1. Evolution of work forces – unskilled to skilled
	  2. Manufacturing vs services or tangible vs intangible
	  3. New economy – the forces driving change
	Reading from: Lovelock et al (2007): Ch.1 & 3; Normann (2002), Chs.1 & 2
	Self directed learning (BlackBoard – Session 1)
	<u>Reading</u>
	• Gummesson, E. (1994), *Service management: An evaluation and the future*, **International Journal of Service Industry Management,** 5 (1): 77-96

2	**Topic:** Service systems – management and development
	Key learning topics:
	  1. Foundations and characteristics of service
	  2. Services – skills and delivery
	  3. Use of services in business
	Reading from: Normann (2002), Ch.3; Lovelock et al (2007), Ch.4
	Self directed learning (BlackBoard – Session 2)
	<u>Readings</u>
	• Chase, R.B. (1978), Where does the customer fit in a service operation? **Harvard Business Review**, November-December, pp.137-141
	• Silvestro, R. (1999), *Positioning services along the volume-variety diagonal*, **International Journal of Operations & Production Management**, 19(3/4): 244-268
	• Thomnke, S. and von Hippel, E. (2002), *Customers as innovators: A new way to create value*, **HBR**, 80 (4): 74-81
	<u>Case study</u>
	• Lovelock *et al* (2007), *Kiwi experience*, Case 1: 495-501

3	**Topic:** The service concept
	Key learning topics:
	  1. Consumer behaviour
	  2. Decision-making processes
	  3. B2B
	Reading from: Normann (2002), Ch 5; Lovelock *et al*, Ch 2
	Self directed learning: (BlackBoard – Session 3)
	• Kotler, P., Bower, J. & Makens, J. (2006). *Characteristics of Service Marketing*, **Marketing for Hospitality and Tourism**, 4th edition, Ch.2
	• Collier, D.A. and Meyer, S.M. (1998), *A service positioning matrix*, **International Journal of Operations and Production Management**, 18(12): 1223-1244
	• Smith, G. (2004), *An evaluation of the corporate culture of Southwest Airlines*, **Measuring Business Excellence**, 8(4): 26-33

4	**Topic:** Site visit
	Key learning topics
	1. How service delivery flows
	2. Delivering multiple services concurrently
	Self directed learning (BlackBoard – Session 4)
	• Hofstede, G. (1983), *The cultural relativity of organizational practices & theories*, **Journal of International Business Studies**, 14(2): 75-89
	• Kotler, P., Bower, J. & Makens, J. (2006). *Characteristics of Service Marketing*, **Marketing for Hospitality and Tourism**, 4th edition, Ch.2
	• Bennett, R., and Rundle-Thiele, S. (2004), *Customer satisfaction should not be the only goal*, **Journal of Services Marketing**, 18 (7): 514-523
5	**Topic:** Sensitivity of service delivery
	Key learning topics
	1. Managing quality
	2. Virtuous circles and vicious cycles
	3. Core and peripheral services
	Reading from: Normann, Ch 4; Lovelock *et al*, Ch 7
	Self directed learning (BlackBoard – Session 5)
	• Thomas, J.S., Reinartz, W. and Kumar, V. (2004), Getting the most out of all your customers, **Harvard Business Review**, 82(7/8): 116-123
	• Daun, W. and Klinger, R. (2006), *Delivering the message: How premium hotel brands struggle to communicate their value proposition,* **International Journal of Contemporary Hospitality Management**, 18(3): 246-252
6	**Topic:** Technology and service
	Key learning topics
	1. Self service to full service continuum
	2. Technology and delivery of service
	3. Technology and loyalty
	Reading from: Normann (2002), Ch.9
	Self directed learning: (See BlackBoard – Session 6**)**
	Readings
	• Gulati, R. and Garino, J. (2000), G*etting the right mix of bricks & clicks*, **HBR**, 78 (3): 107-114
	• Lagrosen, S. (2005), *Effects of the internet on the marketing communication of service companies*, **Journal of Services Marketing**, 19 (2): 63-69
	• Bitner, M.J. (2001). Service and Technology: opportunities and paradoxes, Managing Service Quality, Vol.11 No.6, pp. 375-379.
	• Bitner, M.J., Brown, S.W., Meuter, M.L. (2000). Technology infusion in service encounters, *Journal of the Academy of Marketing Science*, Vol. 28 No.1, pp.138-49.
	Case study
	• Deutsch, C.H. (2007), *U.P.S. embraces high-tech delivery methods*, **The New York Times**, July 12

7	**Topic:** The client as a customer and building image
	Key learning topics
	1. The role of the customer
	2. Making the client productive
	3. Individualising services
	4. The importance of image in service
	Reading from: Lovelock *et al* (2007), Chs 3 and 5
	Self directed learning (BlackBoard – Session 7)
	<u>Readings</u>
	• Silvestro, R. and Cross, S. (2000), *Applying the service profit chain in a retail environment: Challenging the "satisfaction mirror"*, **International Journal of Service Industry Management**, 11(3): 244-268
	• Jackman, J. M. and Strober, M.H. (2003), *Fear of feedback*, **HBR**, 81 (4): 101-107
	• Butler, T. and Waldroop, J. (2004), *Understanding "people" people*, **HBR**, 82 (6): 78-86
	• *Zeithaml, V.A., Parasuraman, A. and Berry, L.L. (1990) Delivering quality Service: Balancing customer perceptions and expectations, Servqual* chart
	<u>Case study</u>
	• Lovelock *et al* (2007), *Banyan Tree Hotels*, Case 11: 564-570
8	**Topic:** Service and the professional organisation
	Key learning topics
	1. Professional organisations structure and functions
	2. Service delivery in professional organisations
	3. Management of service standards
	Self directed learning (See BlackBoard – Session 8)
	<u>Readings</u>
	• Lakhe, R.R, and Mohanty, R.P. (1995), *Understanding TQM in service systems*, **International Journal of Quality & Reliability Management**, 12 (9): 139-153
9	**Topic:** Consumer complaints and recovery
	Key learning topics
	1. Managing the service function
	2. Managing customer relationships
	Reading from: Lovelock *et al* (2007), Ch.11, 12, 13; Normann (2002), Ch 12
	Self directed learning (See BlackBoard – Session 9)
	<u>Readings</u>
	• Grönroos, C. (1996), *Relationship marketing: strategic and tactical implications*, **Management Decision**, 34 (3) : 5–14
	• Nicoulaud, B. (1989), *Problems and strategies in the international marketing of services*, **European Journal of Marketing**, 23 (6): 55-66
	• Harmon, E.P., Hensel, S.C. and Lukes, T.E. (2006)*, Measuring performance in services*, **The McKinsey Quarterly**, 1 (Winter), pp. 30-39
	• Rigby D. and Ledingham D. (2004), *CRM done right*, **HBR**, 82(11)118-129

10	**Topic:** Human resource management and successful service delivery
	Key learning topics
	    1. The role of the human resource management
	    2. Corporate culture and its role
	    3. Service staff and culture
	Reading from: Norman (2002), Chs.6 and 7; Lovelock et al (2007), Ch.11
	Self directed learning: (See BlackBoard – Session 10)
	<u>Readings</u>
	• Earley, P.C. and Mosakowski, E. (2004), *Cultural Intelligence*, **HBR**, 82(10): 139-146
	<u>Case study</u>
	• Lovelock *et al* (2007), Blake Dawson Waldron, Case 10: 559-563

11	**Topic:** Importance of customer satisfaction
	Key learning topics
	    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
	Reading from: Lovelock *et al* (2007), Chs 3 & 10; Normann (2002), Ch 8
	Self directed learning (See BlackBoard – Session 11)
	<u>Reading</u>
	• Banaji, M.R., Bazerman, M.H. and Chugh, D. (2003), *How (un)ethical are you?* **HBR**, 81 (12): 56-64
	• Javalgi, R.G., Whipple, T.W. and Ghosh, A.K. (2005), *Market orientation, strategic flexibility, and performance: implications for services providers*, **Journal of Services Marketing**, 19(4): 212-221
	<u>Case study</u>
	• Lovelock *et al* (2007), *Perth Zoo*, Case study 2: 502-509

12	**Topic:** Exam review
	Final Exam