Performance

- How do we judge this?
  - Efficiency, Profitability, Perceived Value, etc.

- Two ways to think about performance...
  - How does a customer judge the performance of our service process?
  - How do we judge the performance of our service process?

- Let’s first consider the customer viewpoint...
Moment of Truth

- Each interaction with a customer – "a moment of truth" – we have one shot at this interaction.
- Either satisfy or dissatisfy the customer through the interaction.
- Service recovery: satisfying a previously dissatisfied customer and transforming them into a loyal customer.
Customer Perception & Satisfaction

- Quality
- Satisfaction
- Aesthetics - surroundings
- Customizability
- Convenience
  - Availability
  - Accessibility
- Robustness
  - Comprehensiveness
  - Adaptability
  - Flexibility

- Measures of Performance Specific to the Service Process - Features
  - Restaurant
    - Waiting time
    - Food taste
    - Food temperature
  - Insurance agency
    - Responsiveness to claims
    - Availability
  - CAD company
    - Processing time
Quality

- Quality: distinctive characteristics or properties of a person, process, or thing. The characteristics that make a subject distinctive. "The qualities of the classroom include a projection system and tables." – Not useful – we call these "features"
- ISO 9000 defines quality as "degree to which a set of inherent characteristics fulfill requirements".
- "Level of variability", "compliance with specifications", etc.
Quality continued…

- Quality - "degree to which characteristics fulfill requirements"
- Species – Is a red car of better quality than a blue car? Not if the red car is supposed to be red and the blue one blue.
- This definition means that we need to define the requirements and then measure our ability to satisfy them.
Requirements & Satisfaction

Voice of The Customer

Interpret Voice

Define Requirements

Design System to Deliver Requirements

Implement System

Deliver Service

Company

Customer Satisfied??

Service Delivery

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Perceived Service Quality

- Word of mouth
- Personal needs
- Past experience

Service Quality Dimensions
- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles

Expected service

Perceived service

Service Quality Assessment
1. Expectations exceeded
   ES<PS (Quality surprise)
2. Expectations met
   ES~PS (Satisfactory quality)
3. Expectations not met
   ES>PS (Unacceptable quality)
Service Quality Dimensions

- **Reliability**: Perform promised service dependably and accurately.
  - Example: receive mail at same time each day
- **Responsiveness**: Promptness in serving customers.
  - Example: limit customer wait time in restaurant
- **Assurance**: Conveying trust and confidence.
  - Example: being polite and showing respect for customer.
- **Empathy**: Ability to be approachable.
  - Example: being a good listener.
- **Tangibles**: Physical facilities and goods.
  - Example: cleanliness.
Reliability may be defined in several ways:

- The ability of a device or system to perform as designed.
- The resistance to failure of a device or system.
- The ability of a device/system to perform its required function for a specified period of time.
Service Process Requirements

- Discussion…
Service Quality Gap Model

Customer Perceptions

Service Delivery

Managing the Evidence

Communication GAP 4

Conformance GAP 3

Conformance

Service Standards

Customer Expectations

Understanding the Customer

Customer / Marketing Research GAP 1

Design GAP 2

Service Design

Management Perceptions of Customer Expectations

GAP 5

Customer Satisfaction
Judging Service Process Performance

- **Cost**
- **Process**
  - Performance (Speed, Throughput)
  - Productivity (Efficiency, Effectiveness)
  - Safeguards (Privacy, Security, Safety)
- **System**
  - Consistency - repeatability
  - Equity
  - Reproducibility
- **Serviceability**
- **Reliability**
- **Demand**

- **Process**
  - Talked about "time" – more later
- **System**
  - Reproducibility
    - Repeatability – large variability across trials
    - Reproducibility – large variability across situations (store to store)
  - Equity – freedom from bias – fair

**We can affect the demand!!**
Organization Performance Measures

- **Measures of Efficiency**
  - Examples: i) percent of time equipment is being used, and ii) worker output
  - Doing things right

- **Measures of Effectiveness**
  - Examples: Stakeholder satisfaction level, profitability, and rate of return.
  - Doing the right things
Measures of Efficiency

- **Process Efficiency**
  - Examples: How much of the available time a resource is used, efficiency in outcome, the amount of work that is done by each resource.

- **Capacity Utilization** = \( \frac{\text{Capacity required}}{\text{Capacity available}} \)
  - Examples: How much of the available capacity is being used, expressed as a percentage.
Dentist's Office

- Receptionist: 3 patients/hour = 25%
- Hygienist: 3 patients/hour = 75%
- Dentist: 3 patients/hour = 50%
- Appointment Secretary: 3 patients/hour = 15%

Service Processes & Systems
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Capacity Utilization

❖ Three Ways to Change Capacity Utilization (efficiency approach):
   ❑ Change the Capacity Required (Demand)
   ❑ Change the Time Available
   ❑ Change the Processing Time

❖ Effectiveness approach
More Org. Performance Measures

- Customer Satisfaction
  - Customer Retention/Loss
  - New Customers
  - Sales Volume and Market Share
  - Complaints
  - ??????? – good measures??

- Sears study – customer complaints
More Org. Performance Measures

- Customer Cancellation and No-Show Rates
- Employee Satisfaction
- Flexibility/Bandwidth of the Organization – Agility
- Surveys
Measuring Yield

\[ \text{Yield(\%) } = \frac{\text{Good Outputs}}{\text{Total Outputs}} \]

\[ \text{Yield(\%) } = \frac{\text{Number of Sales}}{\text{Number of Calls}} \]

\[ \text{Yield(\%) } = \frac{\text{Number of Sales}}{\text{Number of People Who Visit Website}} \]
More Measures

- Dependable Delivery
- Waiting Time
- Financial Measures
- ???