

| Examination: End Term Examination Sep 24 - Jan 2025 | | |
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| Programme code: 01 Programme: Master of Business Administration | Class: SY | Trimester: V |
| Name of the Constituent College: K. J. Somaiya Institute of Management | Name of the department/Section/Center: Operations Management | |
| Course Code: 217P01C520/ 217P01M547 | Name of the Course: Service Operations | |

Maximum Marks: 50

Time: - 3 hours

Date: 18/1/2025

Notes:

1. Question No. 1 is compulsory and carries ten marks

2. Answer any four questions from Question 2 to Question 7.

| Question No. | | Max. Marks |
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| Q 1. | <p>Please answer the two questions below based on the case study below (an actual customer complaint). Each carry five marks.</p> <p>“This was the worst flight experience in my life with United Airlines! It was terrible alone that our flight got cancelled, which I understand is due to weather conditions, but the whole resolution and process in getting us to a connected flight was horrible! Once we received our connecting flight after much confusion on the United Airlines agency side for over an hour, we asked the agent if we should check in our duty-free items that we purchased at the airport in Mexico; he said we should not since it might get damaged in our luggage. We asked if we could bring the items, which included liquor bottles and hot sauce bottles, through the gate, and he confirmed yes. After we checked in our bags, we had to rush through the airport in Mexico to catch our connecting flight, which was very difficult with four other family members, and my father is disabled and blind, so this was a tremendously stressful hassle for us!</p> <p>We arrived in LA and had to re-check our luggage. We then had to go through customs again in LA for our connecting flight to NJ. During that process, as we went through the Transportation Security Administration (TSA) checkpoint, they took away all the liquor bottles we bought in Mexico at the duty-free shop in the Mexican airport for souvenirs and hot sauce bottles we purchased. This was after the United Airlines agency</p> | |

assured us that our items would not be taken away from us! TSA told us it was over the liquid limit allowed. This would have never happened if our direct flight had left from Mexico to Newark and had not been cancelled. This was over \$100 worth of items. Ridiculous! We had already checked in our luggage, so we could not go back to check in the souvenirs; we were on a time restraint and would have missed the flight!

Upset, tired, frustrated and feeling defeated, we finally boarded the connecting flight. I already purchased extra legroom seats for the return flight, but since the flight got cancelled and we were re-routed to a connecting flight, we all got separated and were not accommodated for the upgraded seats. After waiting on the plane for over 30 minutes, we found out we had to deboard the plane due to a technical error. What aggravation! At this point, it was close to 11pm, and we had to deboard the aircraft. United Airlines did not even give us food vouchers for all the inconvenience and hassle. We didn't eat all day and had to spend over \$100 bucks for food for a family of 5. Between the flight changes and all, it was a total of 24 hrs. of delays and travel time to finally get home. The whole experience was very aggravating and frustrating!

I tried contacting United Airlines, but all they give you is a response that someone is looking into the matter, and no one has gotten back to me. I would like a manager to look into compensating us for the souvenirs we lost all because United cancelled our flight and did not have a better solution for travellers who purchased items at the duty-free shops. We should not have lost those items. Also, we got a refund on the upgraded seats that we never received on the return flight because it got cancelled, and we all got separated. Unacceptable! I have all the receipts for proof as well. Also, please investigate my refund for one baggage on the departing flight. I paid for five bags but only checked in four bags. I need a refund for one bag. Any help would be appreciated. Thank you."

a) What are the reasons why customers complain? What are the reasons why customers do not complain? Why do you think, in this case, United Airlines customers are complaining?

b) How do Organisations typically manage service failure? Assuming you are the Head of Customer Service at United Airlines, how should they handle this service failure and attempt a successful service recovery?

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| Q 2. | <p>a) What do you mean by service operations management? What are the key tactical and strategic challenges that Service Operations Managers face?</p> <p>b) Select two different companies offering similar but different services from your own experience (for example, Reliance Retail and Godrej Nature's Basket). Identify the key elements of the service concept (experience, outcome, operations, value) and compare them based on the profiling tools taught to you!</p> | <p>5</p> <p>5</p> |
| Q3 | <p>You are the IT Manager of a leading IT company, and you would like to formulate a service level agreement with a key service provider, namely the maintenance company which manages the 600-odd, networked computer terminals. Kindly design and state your SLA, clearly stating all your assumptions.</p> | 10 |
| Q4 | <p>a) What is the coping zone in the context of service operations, and why is it critical for employee performance and customer satisfaction? Explain with examples.</p> <p>b) Service Operations often face challenges that differ from manufacturing operations due to the intangible nature of services. Identify and explain some unique characteristics of service operations that differentiate it from manufacturing.</p> | 10 |
| Q5 | <p>QuickCare Health Clinics is a chain of walk-in healthcare clinics offering basic medical services like vaccinations, minor illness treatment, and diagnostic tests. These Clinics are popular due to their affordability and convenience, especially in urban areas. Each clinic operates with a small team of healthcare professionals, including two doctors, three nurses, and front desk staff.</p> <p>Recently, QuickCare management observed a rise in patient complaints about service delays and a perceived lack of empathy from staff during consultations. Simultaneously, employee satisfaction surveys revealed growing dissatisfaction, stress, and burnout among frontline employees, particularly nurses and front-desk staff.</p> <p>During peak hours (8:00–11:00 AM and 5:00–8:00 PM), patient volume at QuickCare Health Clinics often exceeds the clinic's handling capacity. Employees face the following pressures:</p> <p>Staff are expected to serve each patient efficiently (within 10–15 minutes), but complex cases often take longer, leading to backlog and delays.</p> <p>Frustrated patients frequently vent their dissatisfaction on frontline</p> | 10 |

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| | <p>employees, who must remain calm, empathetic, and professional despite mounting stress.</p> <p>Front-desk staff juggle multiple responsibilities: managing patient registration, answering phone calls, and coordinating with doctors and nurses. Nurses must quickly prepare rooms, assist doctors, and manage equipment. Staff struggle to balance maintaining service quality with the pressure to minimize waiting times, often compromising patient communication to move the queue faster.</p> <ul style="list-style-type: none"> i) What types of pressures do QuickCare Health Clinic employees experience during peak hours? How do these pressures impact on service quality and employee well-being? ii) How can QuickCare balance the need for fast service delivery without compromising on service quality and patient satisfaction? iii) Suggest two operational strategies, QuickCare can implement to alleviate employee pressure and improve both service delivery and employee satisfaction. iv) Recommend two measures QuickCare can introduce to support frontline employees emotionally and physically to reduce burnout and enhance performance. | |
| Q6. | <p>TechFix Solutions is a growing IT service provider offering two main types of services:</p> <p>Basic IT Support (Commodity Service):</p> <p>Tasks like password resets, software installation, hardware replacements, and troubleshooting common errors.</p> <p>Requires minimal technical expertise and is typically handled by entry-level IT support staff.</p> <p>Advanced IT Consulting (Capability Service):</p> <p>Tasks like cybersecurity audits, cloud infrastructure optimization, system integrations, and customized software development require specialized expertise, higher skill levels, and significant experience.</p> <p>The company recently expanded its operations due to a surge in demand, particularly from small and medium-sized enterprises (SMEs). However, as their business grows, TechFix faces operational challenges in delivering both types of services efficiently.</p> <p>Skilled IT professionals are often pulled into handling basic IT support tasks,</p> | 10 |

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| | <p>which reduces their availability for advanced consulting services.</p> <p>Clients who purchase basic IT support services expect the same expertise and personalized attention as advanced consulting clients. This creates unrealistic expectations and puts pressure on frontline staff.</p> <p>Basic IT support generates low margins but occupies significant employee time, while advanced consulting services are highly profitable, but resource constrained.</p> <p>Highly skilled employees feel undervalued when performing commodity tasks, leading to dissatisfaction and reduced motivation.</p> <p>This causes: -</p> <p>Service Delivery Delays: High-value consulting projects are delayed due to resource allocation issues.</p> <p>Reduced Customer Satisfaction: Clients of basic support services experience inconsistent service quality.</p> <p>Employee Turnover: Skilled employees leave due to misalignment between their capabilities and job tasks.</p> <p>Financial Pressure: The company's profitability is declining as low-margin tasks dominate resource usage.</p> <p>i) What are the key differences between capability and commodity services in this case? How do these differences impact resource management at TechFix Solutions?</p> <p>ii) Suggest two strategies to ensure that skilled professionals focus on high-value capability services without compromising basic IT support.</p> <p>iii) How can TechFix better communicate and differentiate between basic IT support (commodity) and advanced consulting (capability) to set appropriate client expectations?</p> <p>iv) Propose an operational model that leverages automation or outsourcing to handle commodity services while freeing up resources for capability services.</p> | |
| 7. | <p>a) How important is capacity utilisation to the success of an organisation? What happens when there is underutilisation or overutilisation of resources?</p> <p>b) A small bank branch has a single teller counter that serves customers one at a time. Customers arrive at the bank according to a Poisson distribution with an average arrival rate of 12 customers per hour. The teller can serve customers at an average rate of 15 customers per hour, following an</p> | <p>5</p> <p>5</p> |

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| | <p>exponential service time distribution.</p> <ul style="list-style-type: none"> i) What is the utilization factor (ρ) of the teller? ii) How many customers are in the system (including both waiting and being served) on average? iii) How much time, on average, does a customer spend in the system (waiting + service time)? iv) How long, on average, does a customer wait in the queue before being served? v) How many customers, on average, are waiting in the queue? <p>How would these figures change if the average customer arrival rate increased to 13 customers per hour?</p> | |
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