

Service Management

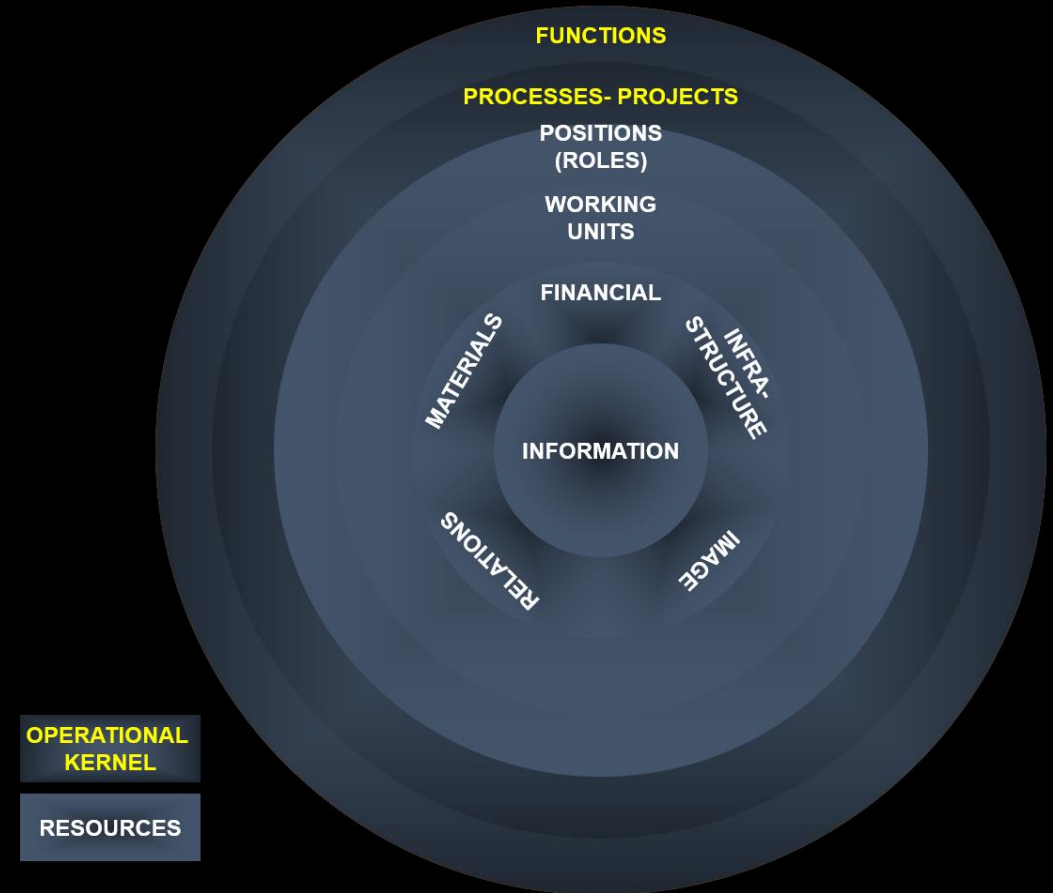
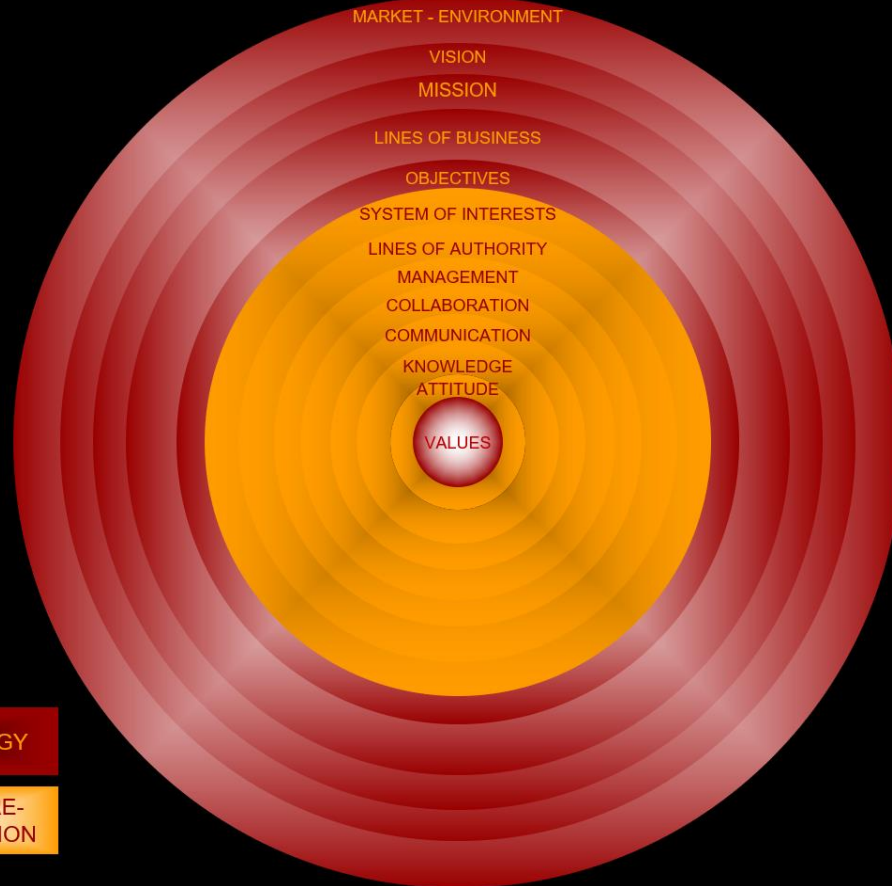
Mihai Pascadi

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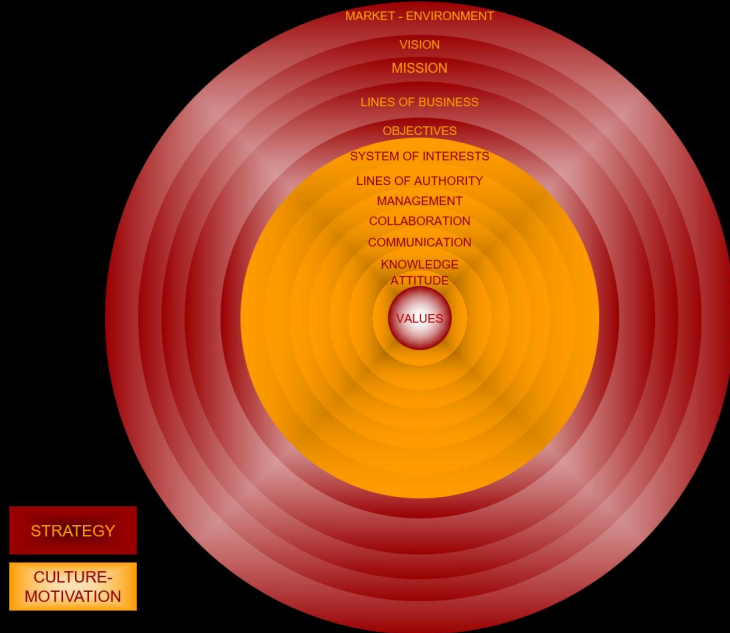
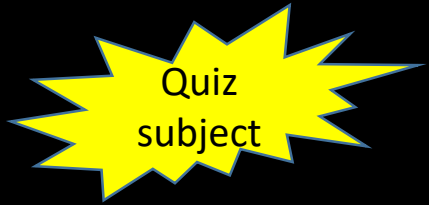
ORGANIZATIONS

seen as complex, heterogeneous objects

Organizations: The two faces of the medal



Organizations: The two faces of the medal



An organization is a complex object with heterogeneous components. This is why organizations are difficult to run. Overall you may consider them as being a complex aggregate of their STRATEGY, their OPERATIONS and last but not least PEOPLE (organizational culture and motivation). We may metaphorically represent these concepts on the two faces of a medal. The first face is showing the Strategy and Culture/Motivation related concepts.

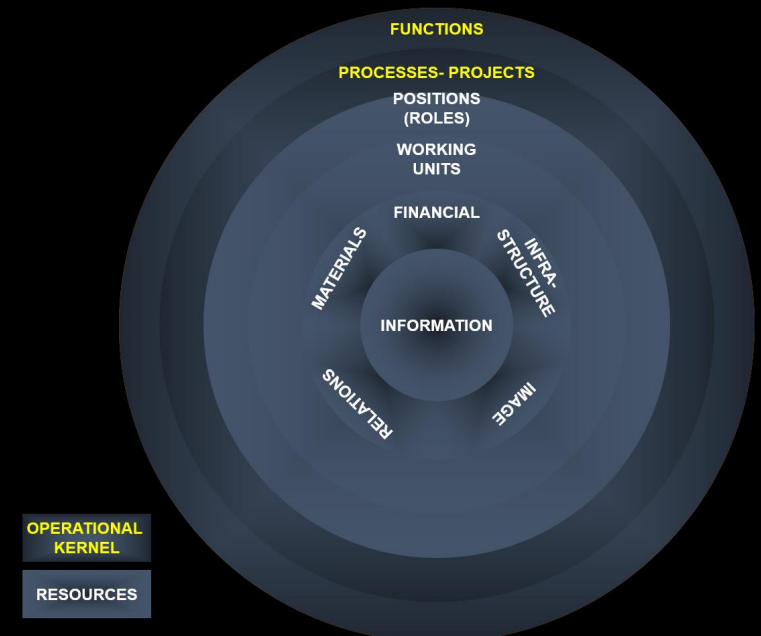
Market-Environment	Each organization is given birth and then operates within a specific environment (including markets for companies). It is within this environment that the organization: interacts with its stakeholders, understands the overall situation, identifies present and future needs and considers contributing to building the future.
Vision	Vision (for organizations) as a concept may be encountered with slightly different meanings. The organization builds a desirable image of it's future, based on the understanding of the existing opportunities and risks within the environment it acts and it's strengths and weaknesses. Vision must be developed by leaders, shared and supported to the entire organization, comprehensive and detailed and positive and inspiring. The Vision is the destination the organization wants to reach in the future.
Mission	The Mission is stating about HOW the organization will get to achieve its Vision. What needs to be done today in order to achieve tomorrow's Vision.
Lines of business / activity + objectives.	The Mission is detailed by Lines of business / activity. The high level goals established through the Mission are being detailed by each line of business and activity into more detailed objectives. The detailing of the objectives is as well refined on the time scale from a medium or long term to an annual basis and on the activity scale from lines of business to each process' level.
System of Interests	There are two factors that manage organizations. One factor is the System of Interests. When you establish clear relationships between the organizational objectives, individual objectives and responsibilities and the reward and recognition mechanisms, you have established a System of Interests. This way, organizational, group and individual interests are aligned and everyone pulls in the same direction.
Lines of authority	The lines of authority define the subordination relationships between organizational units.
Management	Management styles range anywhere in between autocratic to consensual. Management styles may significantly influence the organizational climate in a negative / positive manner.
Collaboration	An important component of the organizational culture / climate and as well performance factor is the way people work together. From formal to informal and spontaneous support, collaboration is key to the organization's success.
Communication	Proper, correct, comprehensive, clear, concise, well addressed and open communication is another key success factor for any organization.
Knowledge	Organizations create, take in, use, re-use, store, and retire-destroy knowledge. Knowledge is a highly valuable resource that requires specific knowledge management techniques.
Attitude	Organizational behavior is determined by people's attitude. Adequate management, collaboration and communication are all based on people's attitude.
Values	Values are part of the organization's strategy and are the second factor that manages organizations (in addition to the system of interests). Values determine people's attitude and behavior and protect organizations from making major strategic and operational mistakes.

Organizations: The two faces of the medal

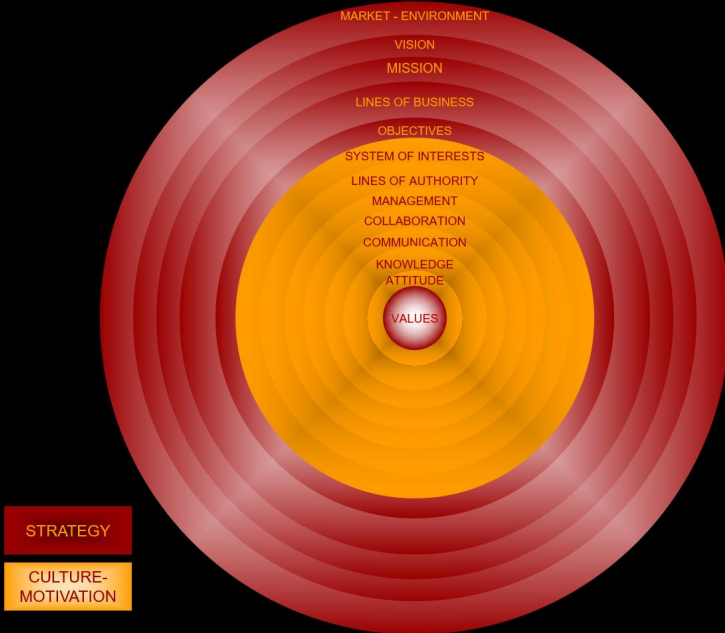
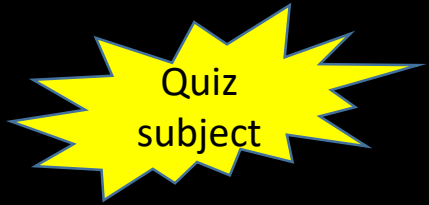
Quiz
subject

Flipping the coin shows us the operations & resources related concepts.

Functions	Functions produce results, deliverables. They may be seen as black boxes that take inputs and produce outputs needed / desired either internally by the organization or externally by the organization's customers.
Processes- Projects	When we open the functional black-boxes, we see inside activities organized into processes or projects that produce results (output). It is activities that generate, by consuming-using resources, the added value of the organization's results.
Positions (Roles)	The processes' and projects' activities are performed by or with the contribution of agents (human resources).
Working units	Based on different criteria (such as common technical knowledge or common contribution to producing results), human resources are grouped into organizational units (working units).
Financial, Material, Infrastructure, Relations, Image and Information resources.	Activities add value by consuming-using financial, material, infrastructure, relational, image and information resources. The adequate level of resources is essential to effective and efficient operations.



Organizations: some clarifications – Vision vs Mission



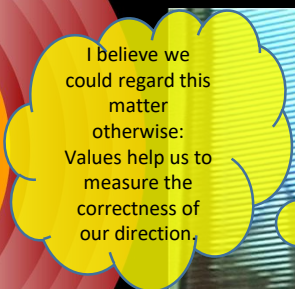
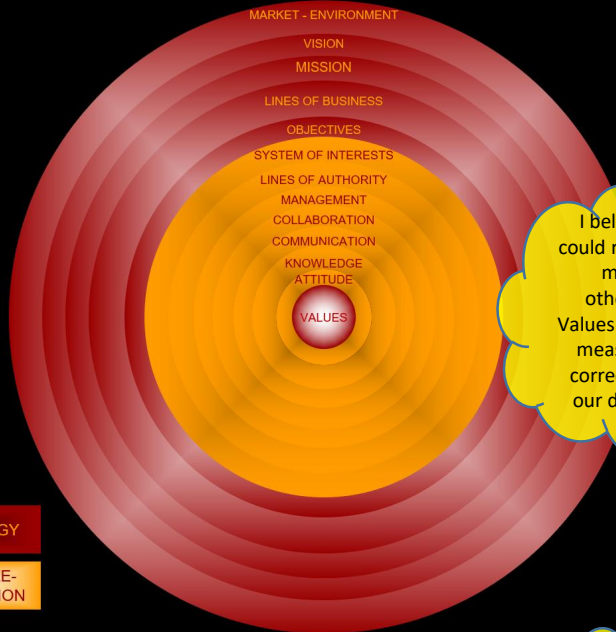
Mission Statement

Vision Statement

About	A Mission statement talks about HOW you will get to where you want to be. Defines the purpose and primary objectives related to your customer needs and team values.	A Vision statement outlines WHERE you want to be. Communicates both the purpose and values of your business.
Answer	It answers the question, "What do we do? What makes us different?"	It answers the question, "Where do we aim to be?"
Time	A mission statement talks about the present leading to its future.	A vision statement talks about your future.
Function	It lists the broad goals for which the organization is formed. Its prime function is internal; to define the key measure or measures of the organization's success and its prime audience is the leadership, team and stockholders.	It lists where you see yourself some years from now. It inspires you to give your best. It shapes your understanding of why you are working here.
Change	Your mission statement may change, but it should still tie back to your core values, customer needs and vision.	As your organization evolves, you might feel tempted to change your vision. However, mission or vision statements explain your organization's foundation, so change should be kept to a minimum.
Developing a statement	What do we do today? For whom do we do it? What is the benefit? In other words, Why we do what we do? What, For Whom and Why?	Where do we want to be going forward? When do we want to reach that stage? How do we want to do it?
Features of an effective statement	Purpose and values of the organization: Who are the organization's primary "clients" (stakeholders)? What are the responsibilities of the organization towards the clients?	Clarity and lack of ambiguity: Describing a bright future (hope); Memorable and engaging expression; realistic aspirations, achievable; alignment with organizational values and culture.

Organizations: some clarifications

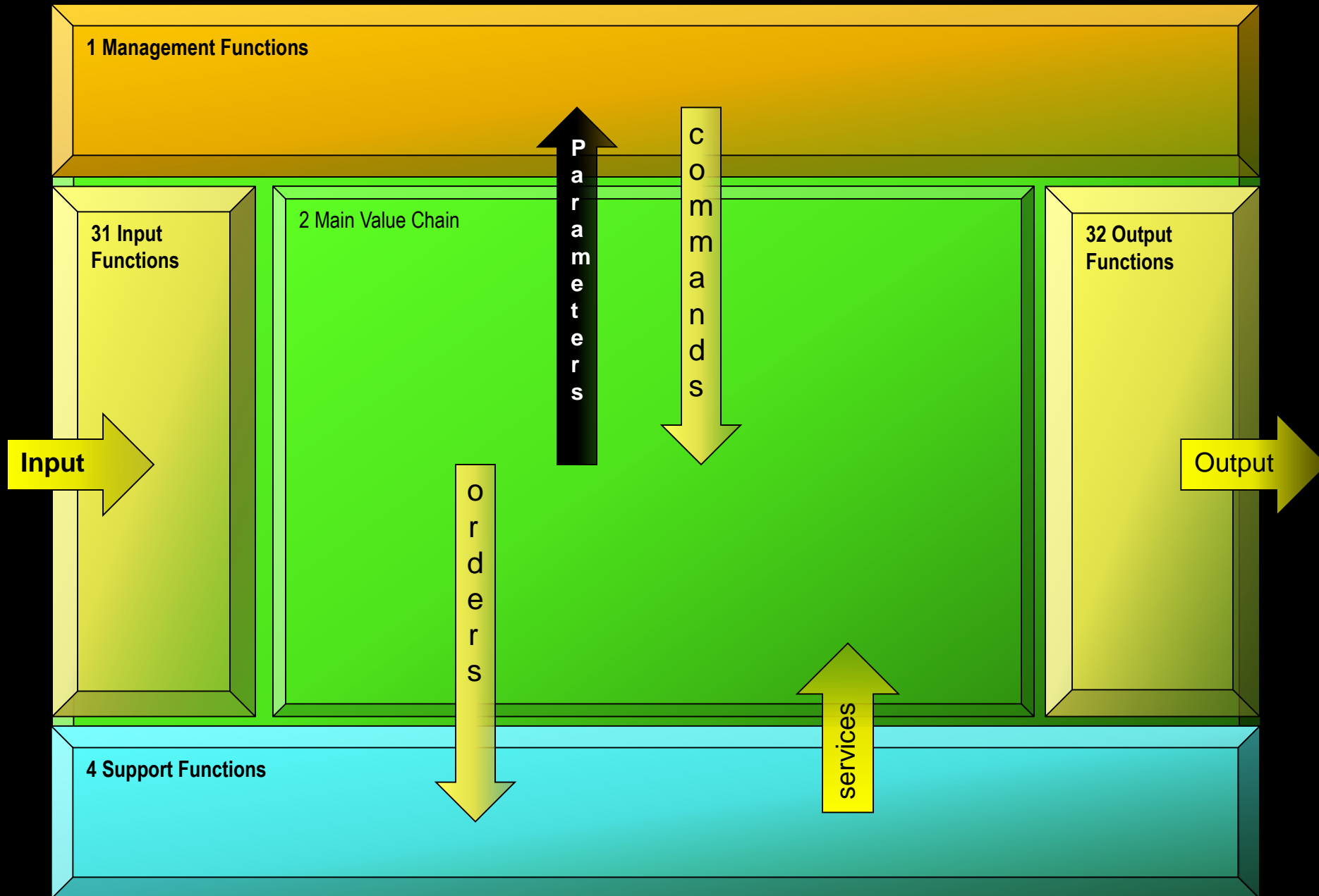
Quiz subject



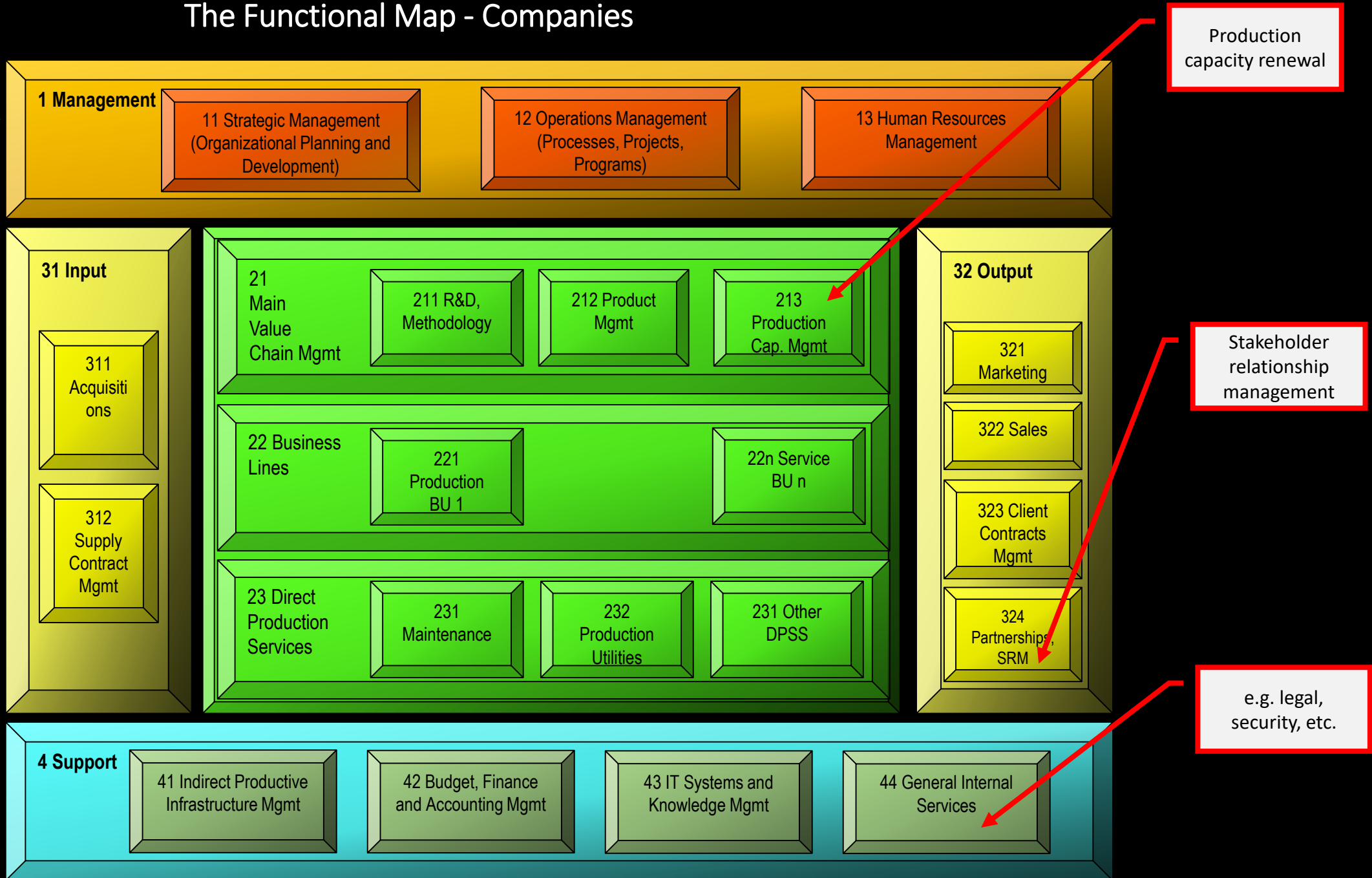
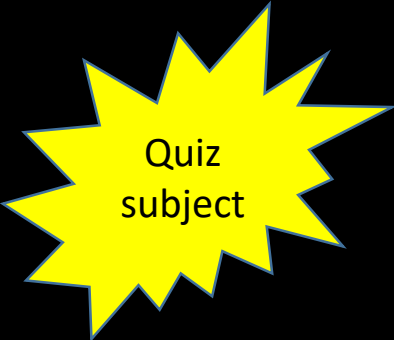
ORGANIZATIONS

seen as a SYSTEM

The Organization seen as a SYSTEM

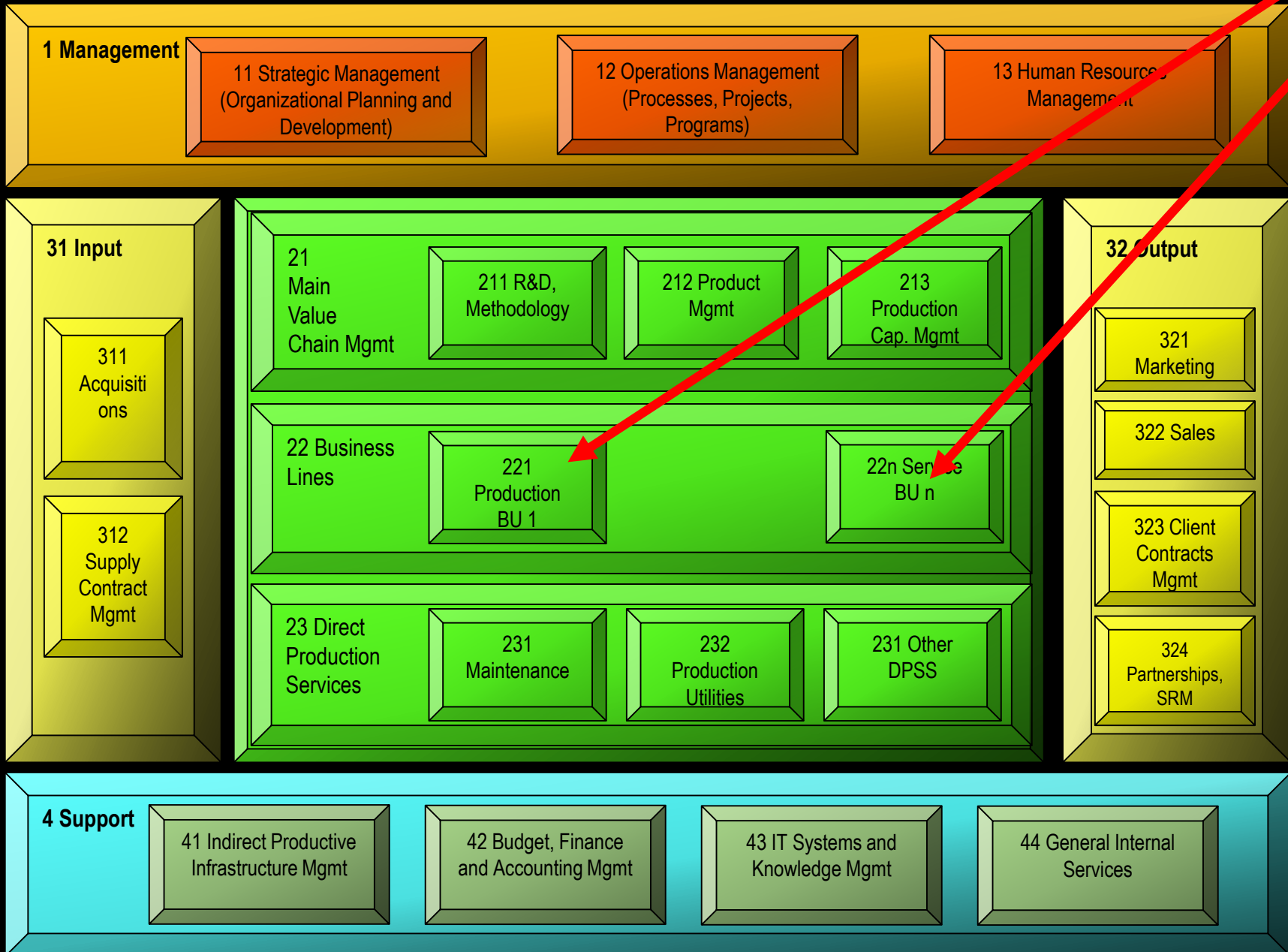


The Functional Map - Companies



The Functional Map - Companies

Quiz subject

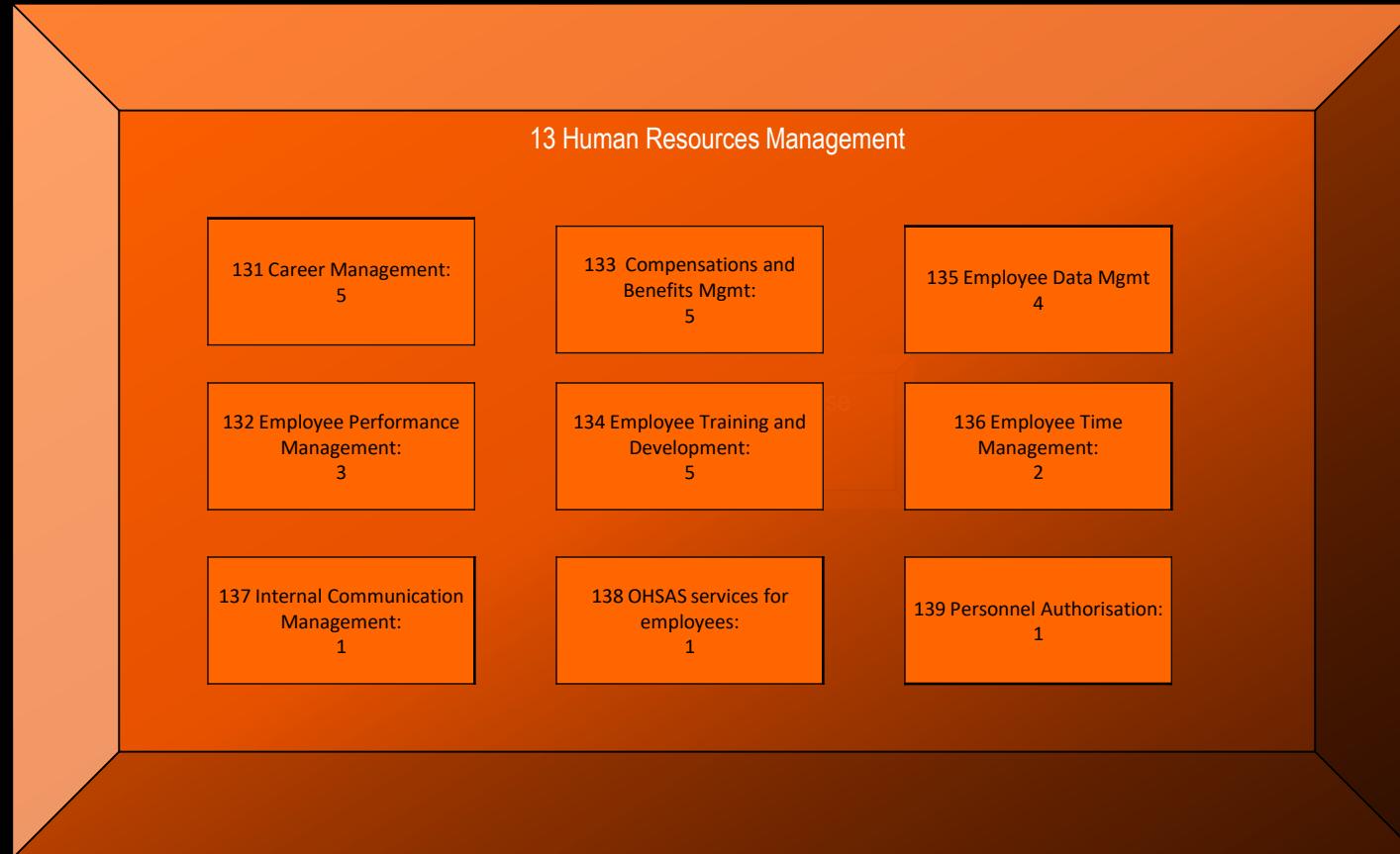


These are Profit Centers (measured on P&L)

All others are Cost Centers

Inside the functional boxes: processes

In this case, HR processes - detailed



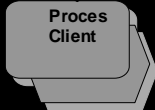
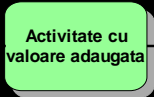
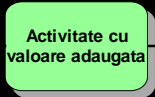
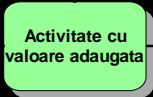
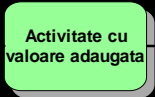
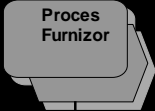
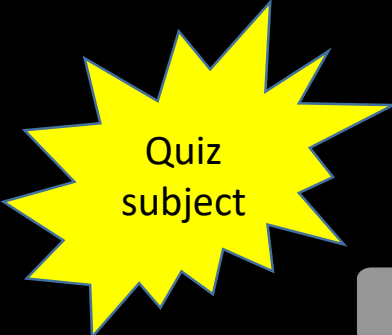
The Career Management Process group (HR processes) – detailed at a process level



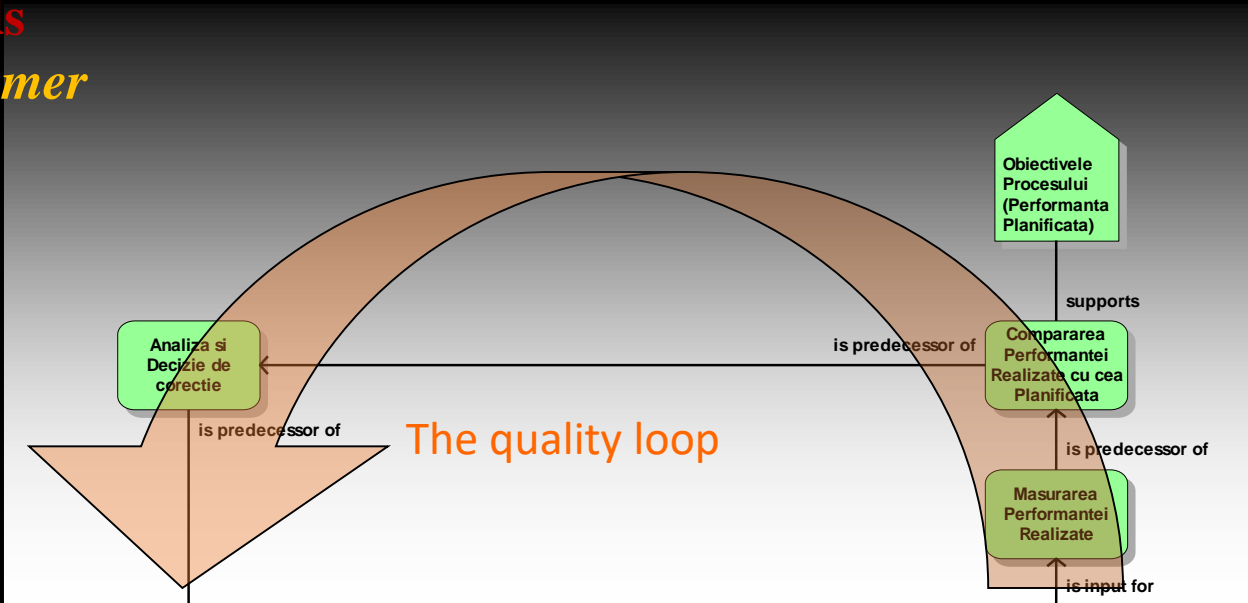
Organizational Process:

An activity or group of activities that

- Take an **input**,
- Add value to that input by consuming **resources and**
- Transfer it as **output towards**
- *an internal or external customer*



Process *Optimization*

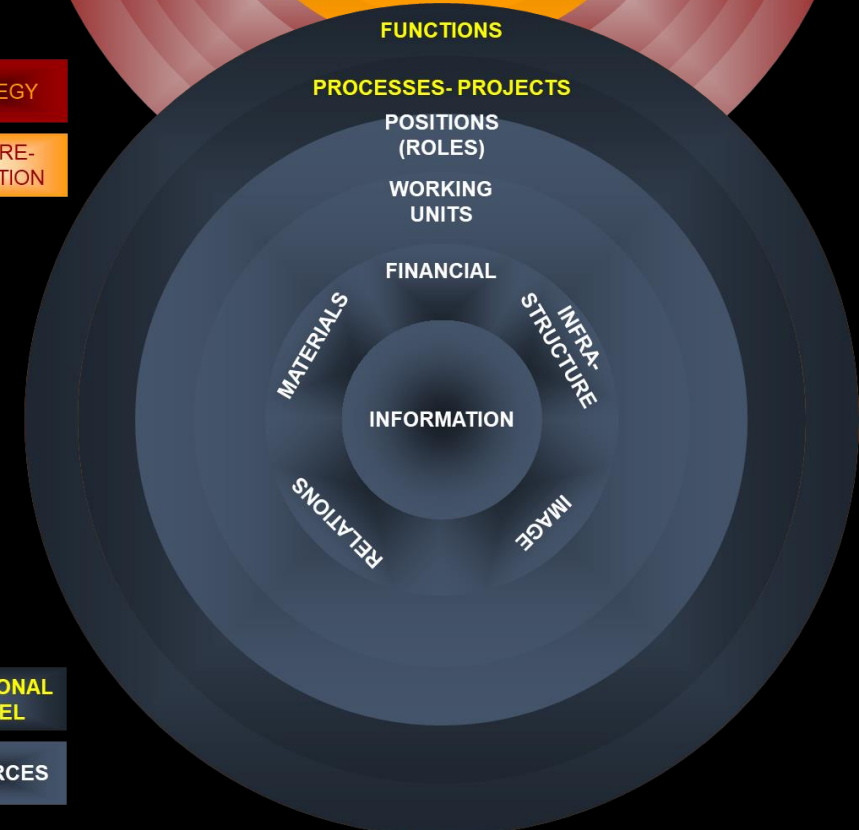
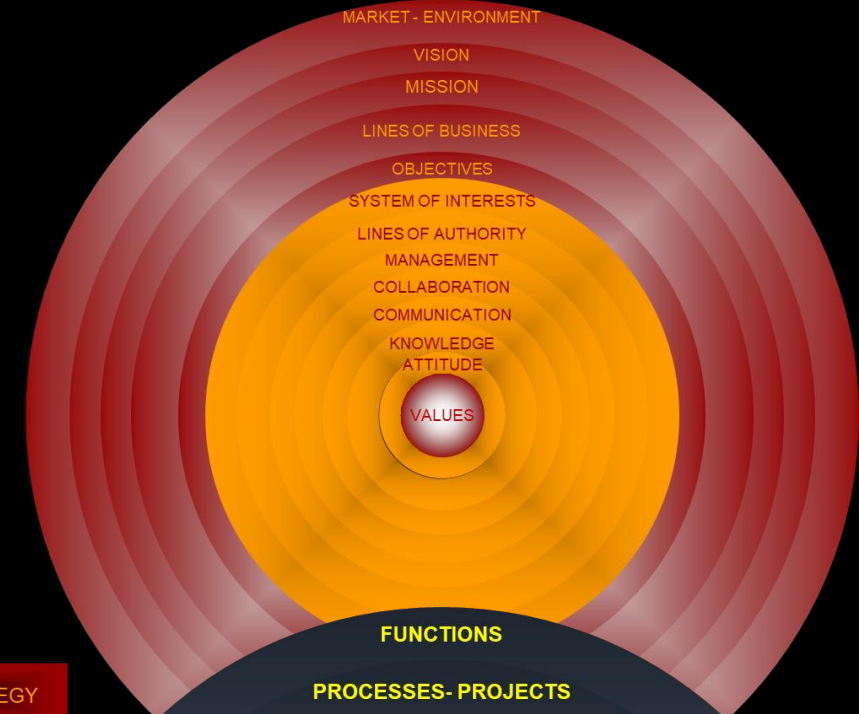
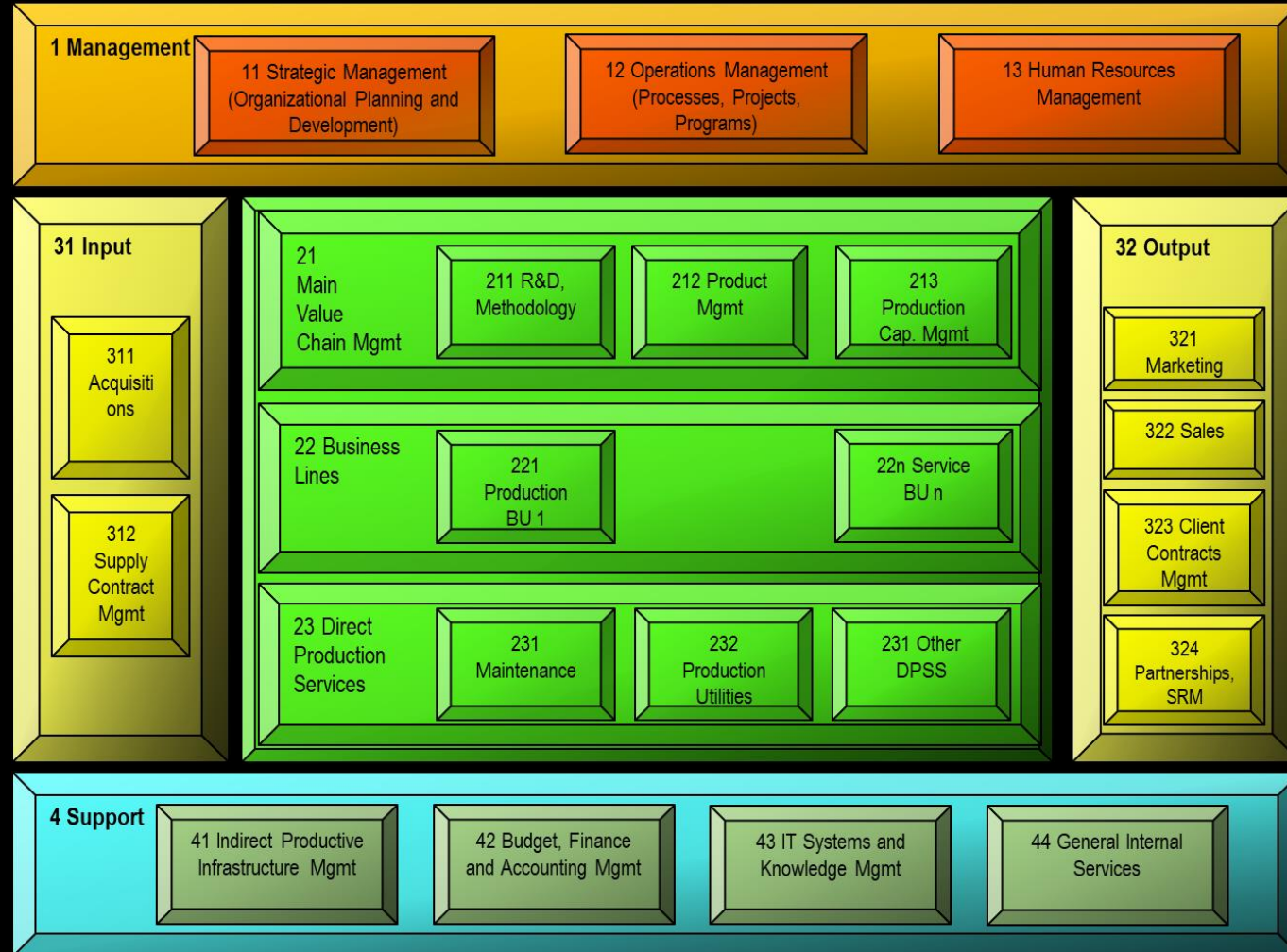


During its creation and once created, the deliverable (output of the process) is measured against the process' objectives.

If the measured results are not according to the planned value, analysis is being performed in order to initiate corrective action (correcting the result) or to initiate a preventive action (correcting future results).

This correction-prevention loop is called the "quality loop".

How do these two concepts fit together ?



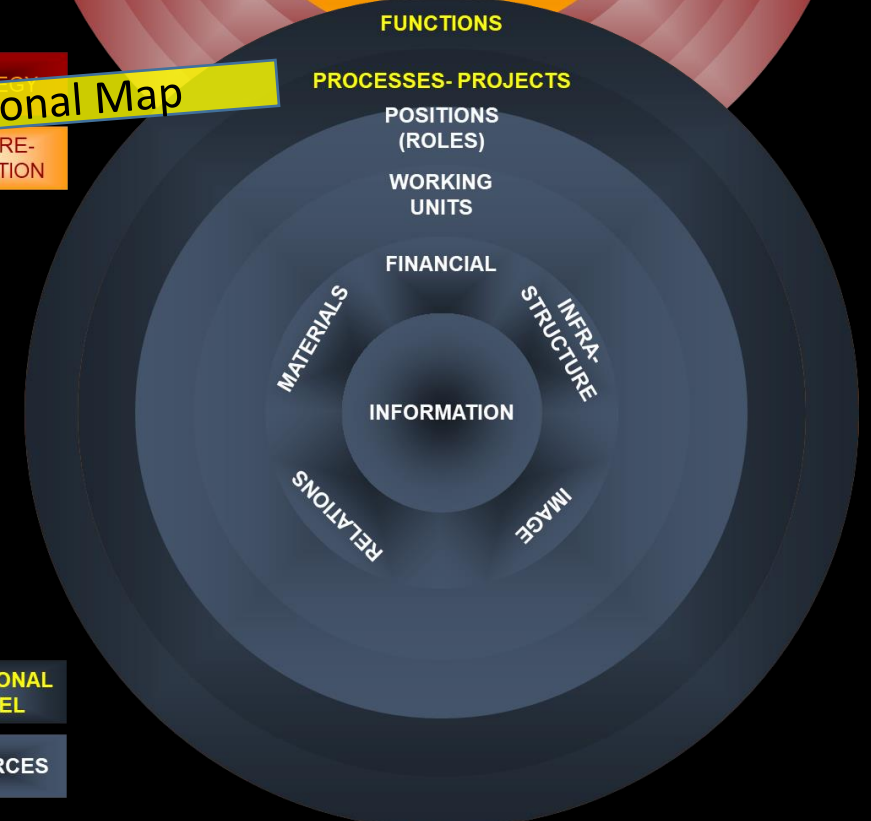
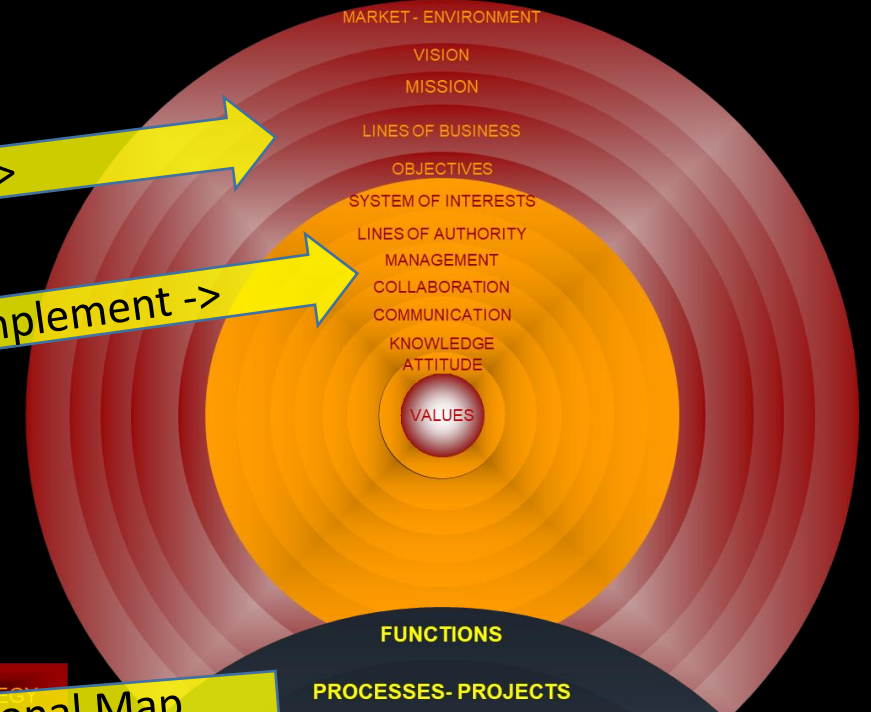
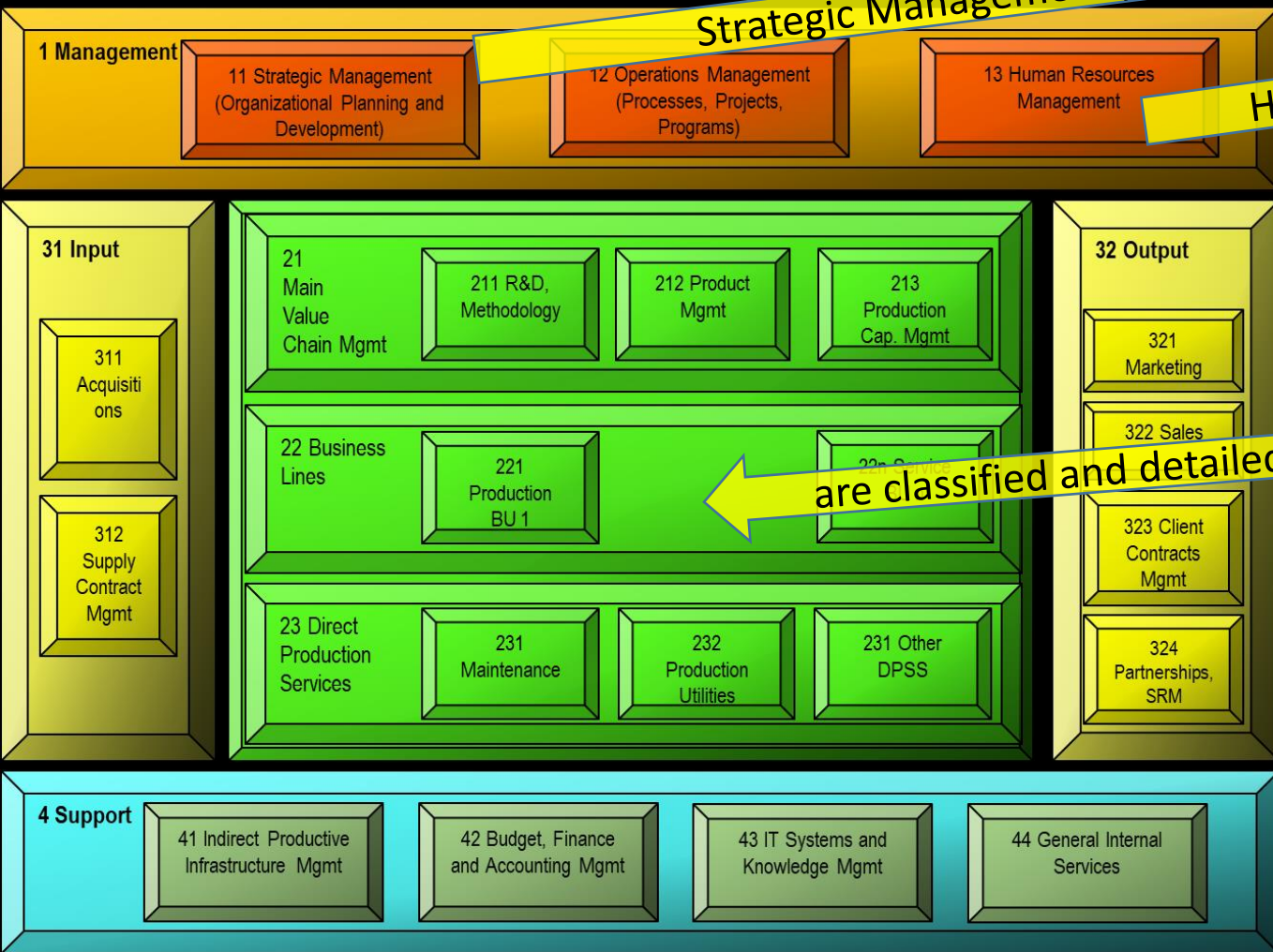
Quiz subject

How do these two concepts fit together ?

Strategic Management processes implement ->

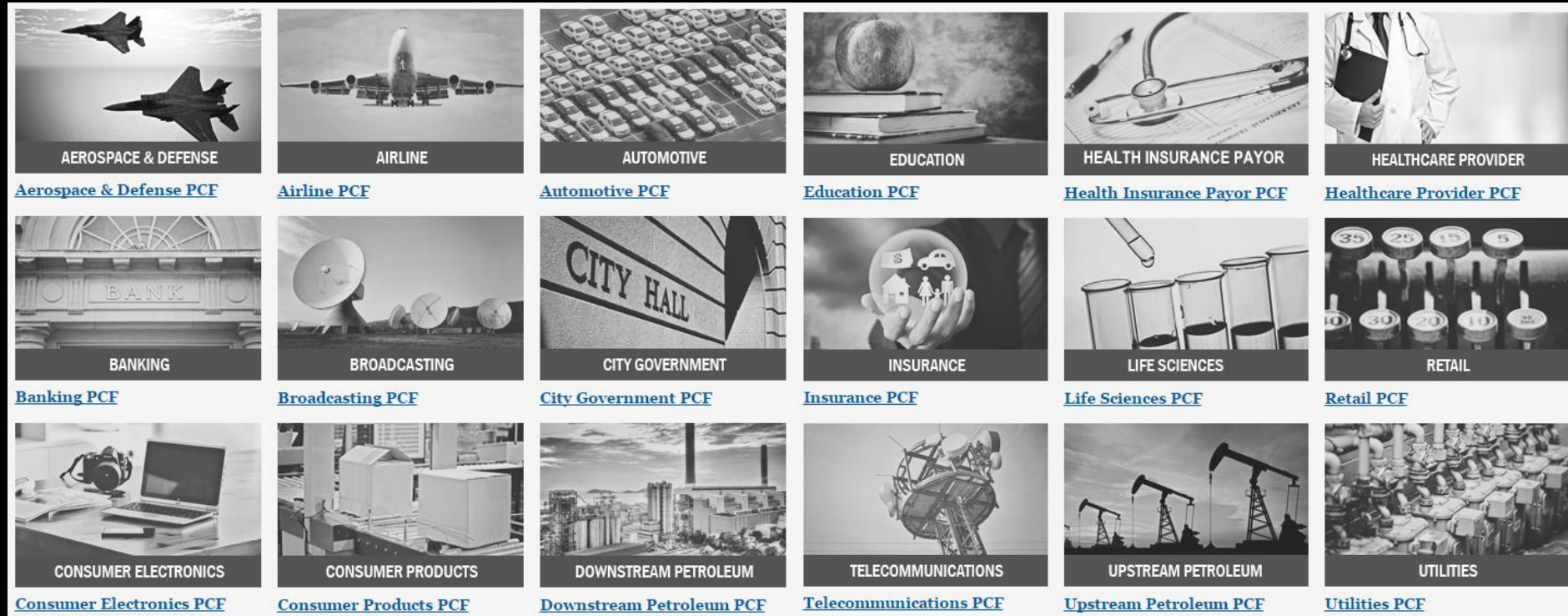
HR processes implement ->

are classified and detailed by the Functional Map



Standardized processes for specific domains

- City Hall – 323 processes (APQC)
- Generic company: 300 processes



PCF models for different industries – as provided by APQC

- Accounting
- Advertising
- Aerospace
- Agriculture
- Airline
- Amusement/Recreation Services
- Appliances
- Architecture and Design
- Association
- Automotive
- Biotechnology
- Broadcasting/Radio/TV/Cable/Media
- Chemicals
- Computers
- Construction
- Consumer Products/Packaged Goods
- Cosmetics
- Data Management
- Distribution
- Durable Goods
- Education (Higher Education)
- Education (K-12)
- Electronics
- Energy and Utility
- Engineering
- Entertainment
- Environmental
- Financial Services/Banking
- Food/Beverage/Restaurant
- Forestry Products
- Furniture
- Government/Military
- Healthcare
- Hospitality
- Instrumentation
- Insurance
- Legal Services
- Logistics
- Machinery
- Machinery Equipment
- Marketing
- Medical Equipment
- Metals
- Mining
- Non-Profit
- Petroleum/Oil/Gas
- Pharmaceutical
- Pipelines
- Printing & Publishing
- Professional Services/Business Services
- Public Relations
- Pulp and Paper
- Railroads
- Real Estate
- Rental
- Research Organization
- Restaurant
- Retail/Catalog/Mail Order
- Rubber & Plastics
- Security Systems
- Semiconductors
- Soaps/Detergents/Perfumes
- Software
- Steel
- Stone/Glass/Clay/Concrete
- Telecommunication
- Textile
- Tobacco
- Transportation/Freight Carriers
- Warehousing
- Waste Management/Environmental
- Wholesale Distribution
- Wine & Spirits

APQC – the basis for our entire following discussion

ABOUT APQC

An internationally recognized resource for process and performance improvement, APQC helps organizations adapt to rapidly changing environments, build new and better ways to work, and succeed in a competitive marketplace. With a focus on productivity, knowledge management, benchmarking, and quality improvement initiatives, APQC works with its member organizations to identify best practices; discover effective methods of improvement; broadly disseminate findings; and connect individuals with one another and the knowledge, training, and tools they need to succeed. Founded in 1977, APQC is a member-based nonprofit serving organizations around the world in all sectors of business, education, and government. APQC is also a proud winner of the 2003, 2004, 2008, 2012, and 2013 North American Most Admired Knowledge Enterprises (MAKE) awards. This award is based on a study by Teleos, a European based research firm, and the KNOW network.

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3

Service strategy

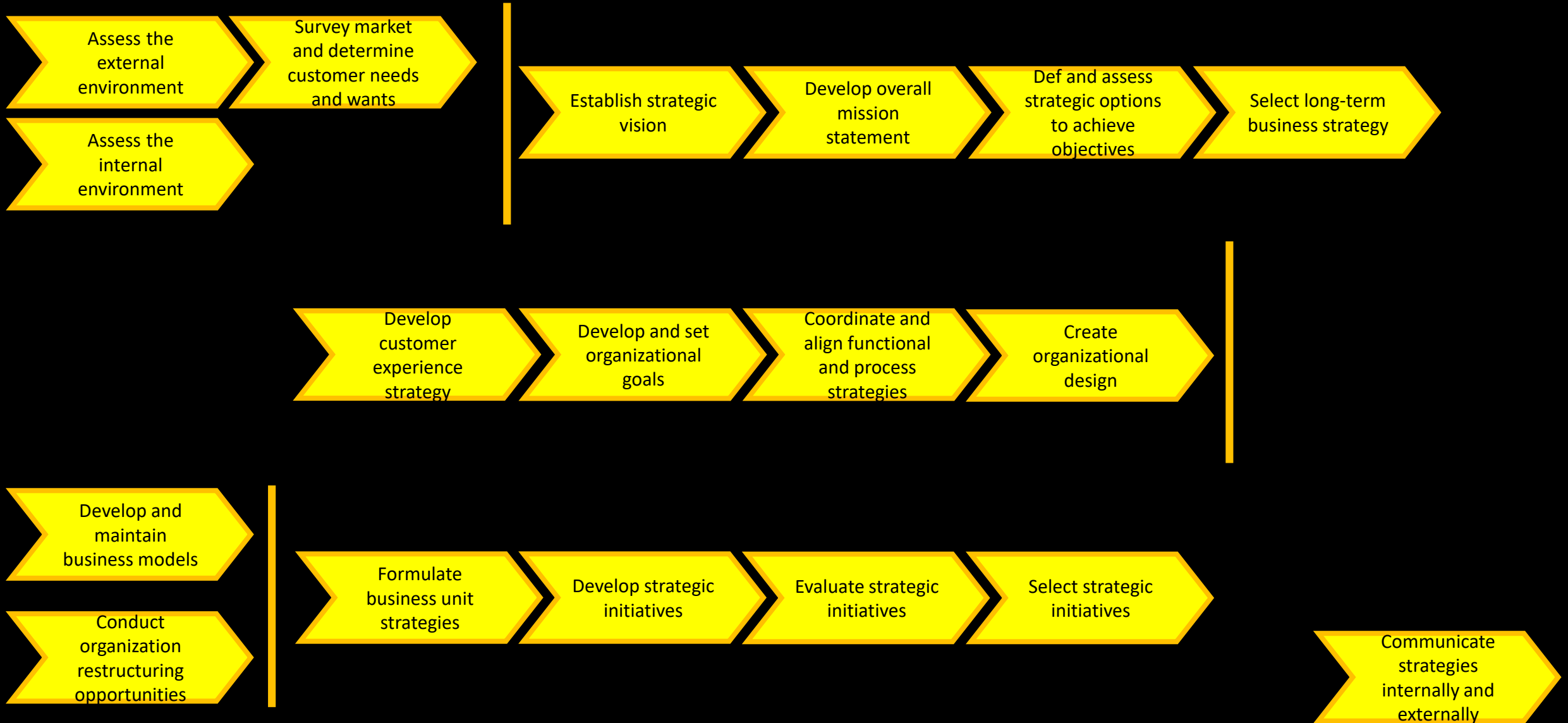
- Airline
- Banking
- Education
- Healthcare Provider
- Property and Casualty Insurance
- Retail
- Telecommunications

Let's get organized

The Strategic Planning Process

1. Assess the external environment
2. Survey market and determine customer needs and wants
3. Assess the internal environment
4. Establish strategic vision
5. Develop overall mission statement
6. Define and evaluate strategic options to achieve the objectives
7. Select long-term business strategy
8. Coordinate and align functional and process strategies
9. Create organizational design
10. Develop and set organizational goals
11. Formulate business unit strategies
12. Develop customer experience strategy
13. Conduct organization restructuring opportunities
14. Communicate strategies internally and externally
15. Develop strategic initiatives
16. Develop and maintain business models

The Strategic Planning Process



Assess the external environment

Assessing all

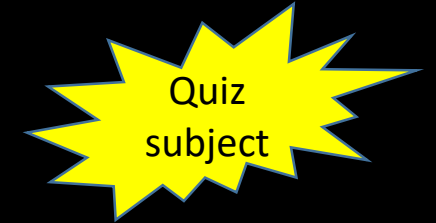
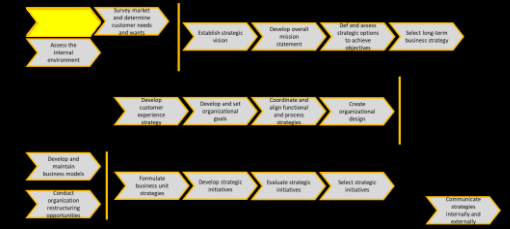
- forces,
- entities, and
- systems

that

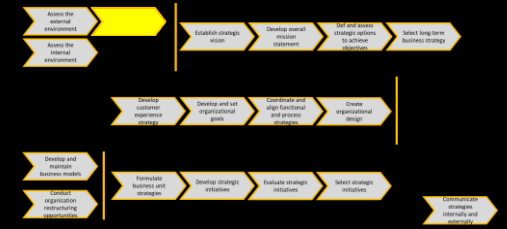
- are external to an organization but
- can affect its operation.

- Analyze far-reaching currents in the macroeconomic situation,
- assess the competition,
- evaluate technological changes, and
- identify societal as well as ecological issues of concern.

Create a big-picture understanding of externalities, with sufficient depth across individual aspects.



Survey market and determine customer needs and wants

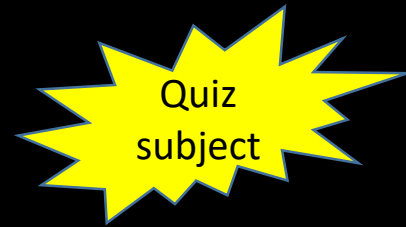


Examining the market to identify customer required solutions.

Assess the relevant market(s) to determine the products/services that are needed or wanted by customers.

Carry out quantitative and qualitative analyses to capture and investigate products/services.

Employ creative techniques that allow for a closer appreciation of the customer, and design relevant solutions.

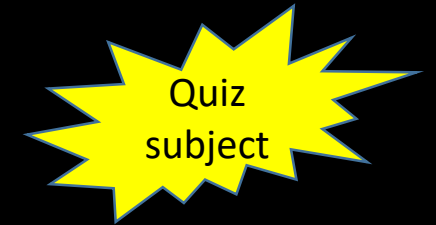
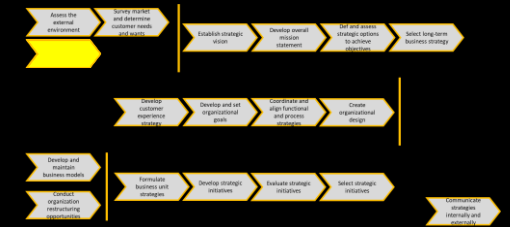


Assess the internal environment

Undertaking a review of the organization's

- in-house skills and
- resources

in order to create a big-picture understanding of internal capacities.



Assess the organization's capabilities in order to advance the advantageous and weed out the detrimental aspects.

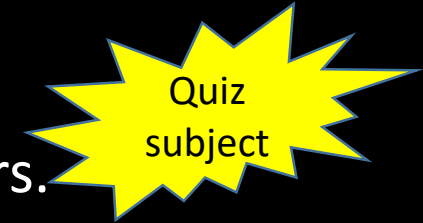
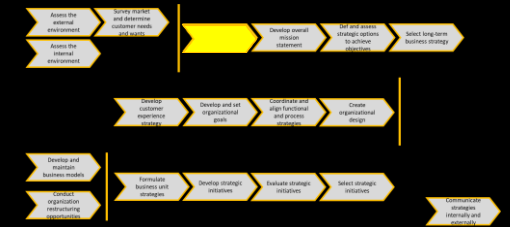
Identify synergic associations within the backdrop of the forces and players active in the market, and take into account all externalities.

Establish strategic vision

Establishing the organization's long-term vision as a strategic positioning and engagement of stakeholders.

Institute the vision by creating strategic orientations of all stakeholders.

Understand the strategy development frameworks in this context.



Develop overall mission statement

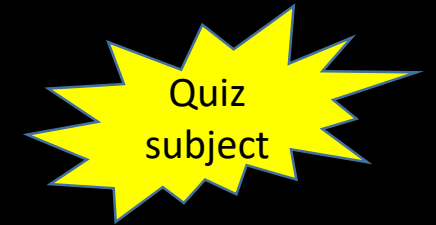
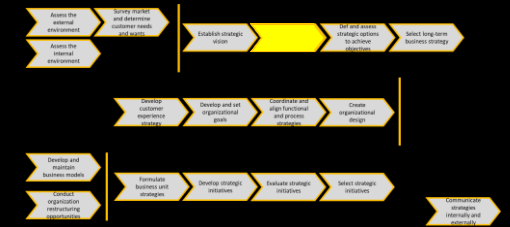
Establishing a general, compact statement

that concisely underscores the mission of the organization.

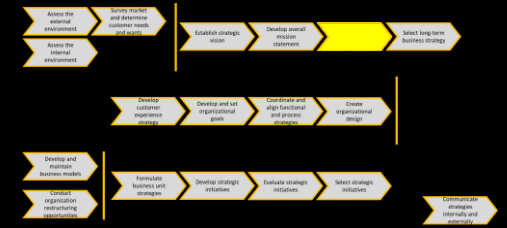
Define and communicate a clear and succinct mission statement,

which encapsulates how the organization aims to proceed in order to Establish a strategic vision.

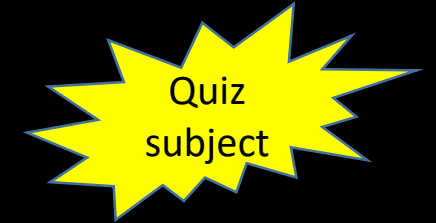
Solicit critical inputs from senior management and strategy executives, and collaborate with marketing or personnel from allied functions.



Define and evaluate strategic options to achieve the objectives



Assessing sets of strategic decisions designed to drive the organization's long-term objectives.

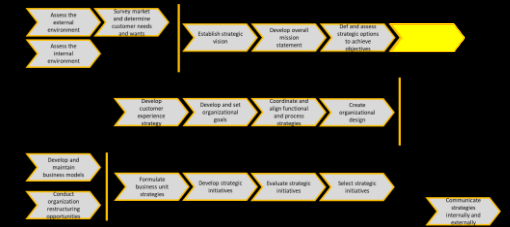


Identify various strategies concerning core functional areas.

Appraise strategic options in light of auxiliary decision frameworks that ensure smooth functioning, the advancement of functional efficiencies, and vitality.

Involve senior management executives, especially strategy and/or business unit personnel, with need-based consultative assistance from professional services providers.

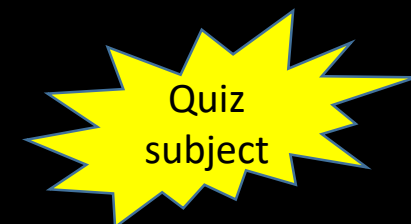
Select long-term business strategy



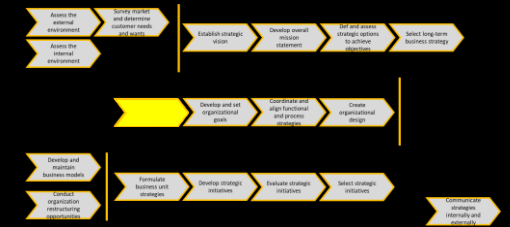
Embracing a strategy for the achievement of business goals over the distant future.

Espouse one of the strategic options for realizing its mission over the long term.

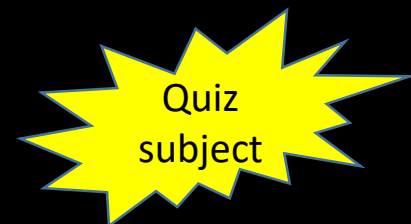
Enlist senior management executives, comprising strategy and/or business unit personnel.



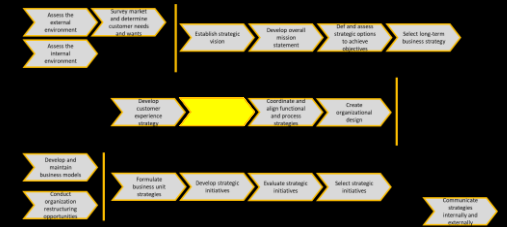
Develop customer experience strategy



Defining a roadmap to meet customer expectations while considering how it will affect the business.



Develop and set organizational goals



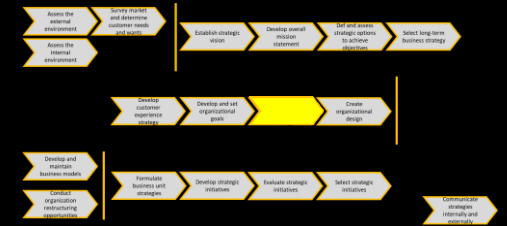
Developing overall goals for the organization that help in accomplishing its mission.

Formulate organization-wide targets in the near to middle term, which will accumulate and propel the organization to realize its long-term objectives, as outlined in Develop an overall mission statement.

Enlist business unit heads or equivalent personnel, in close collaboration with senior management executives.

Quiz
subject

Coordinate and align functional and process strategies



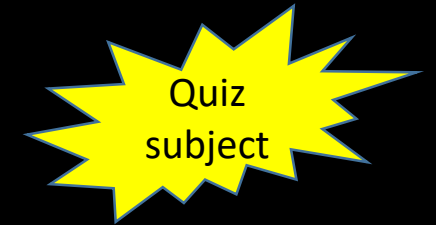
Aligning the approach and method of

- individual units,
- departments,
- systems, and
- operations

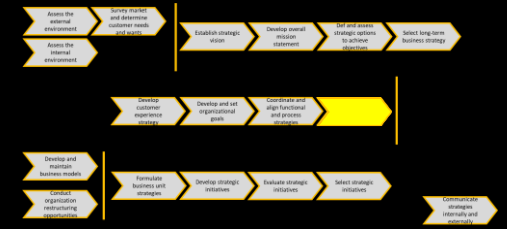
within the organization, in accordance with the larger strategic course adopted.

Employ the organization's strategic path to guide the functions, divisions, and operations.

Calibrate the plan and method of each functional area, as well as the processes therein, to Select the long-term business strategy.

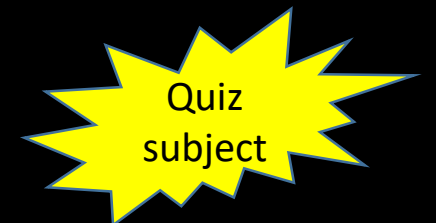


Create organizational design



Develop a new framework for molding the organization's various processes into a coherent and seamless whole.

Formulating a design for the organization's resources that allow it to meet its objectives.



Develop and maintain business models

Assemble business model information

Secure appropriate approvals

Identify integration points with existing models

Adopt the business model

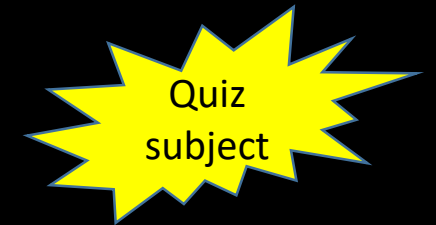
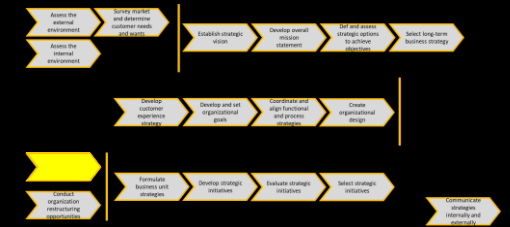
Establish business model maintenance parameters

Accept business model feedback parameters

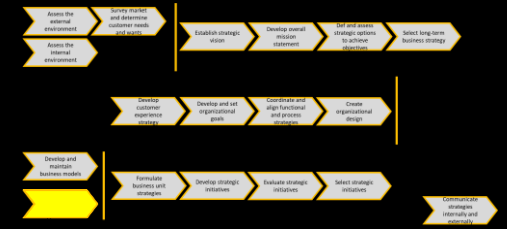
Prioritize and manage incoming feedback

Update existing models

Establish business model governance



Conduct organization restructuring opportunities

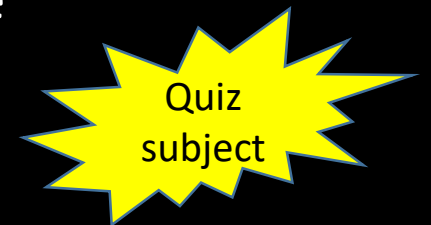


Examining the scope and contingencies for restructuring based on market situation and internal realities.

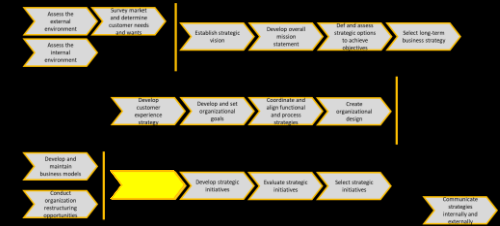
Map the market forces over which any and all probabilities can be probed for utility and viability.

Once the restructuring options have been analyzed and the due-diligence performed, execute the deal.

Consider seeking professional services for assistance in formalizing these opportunities.



Formulate business unit strategies



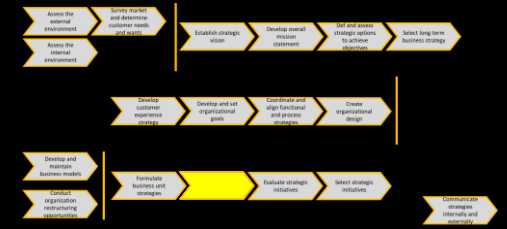
Charting a strategic course for business units in order to

- leverage opportunities,
- sidestep hurdles, and
- create synergies among each other.

Create strategic road maps for the organization's units--in light of

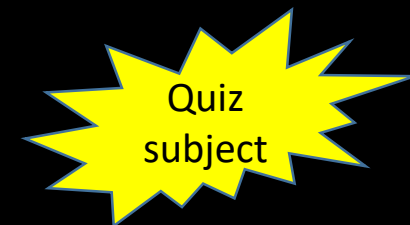
- their individual resources and requirements, as well as
 - their relationships with other business units
- to achieve organizational goals.

Develop strategic initiatives

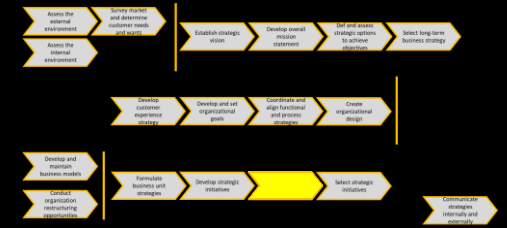


Developing strategic projects that help fulfill long-term goals.

Develop time-bound projects that are discretionary in nature and lie beyond the scope of the organization's routine operations.

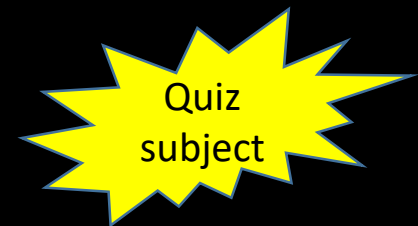


Evaluate strategic initiatives

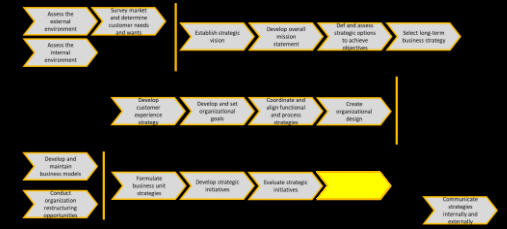


Examining projects of strategic significance that lie outside the purview of the organization's routine operations.

Closely analyze strategic initiatives for their applicability and feasibility, given the organization's vision.



Select strategic initiatives

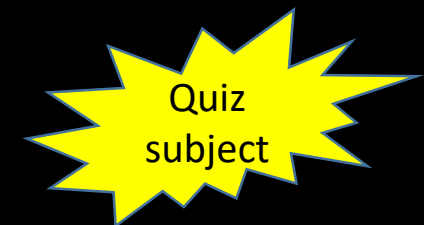


Selecting relevant projects of strategic significance

- that create opportunities for the organization to realize its long-term objectives,
 - on the basis of their suitability to the organization's constraints and reality.

Select from the process Evaluate strategic initiatives, based on their applicability and feasibility for the organization.

Enlist senior management, especially strategy personnel.



Communicate strategies internally and externally

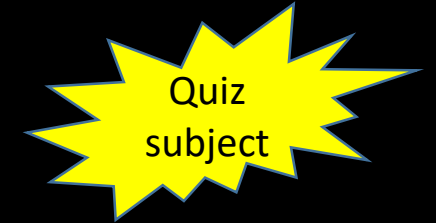
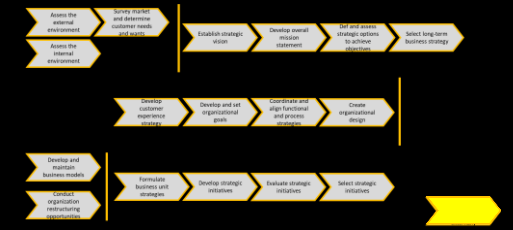
Conveying planned

- procedures and
- methods

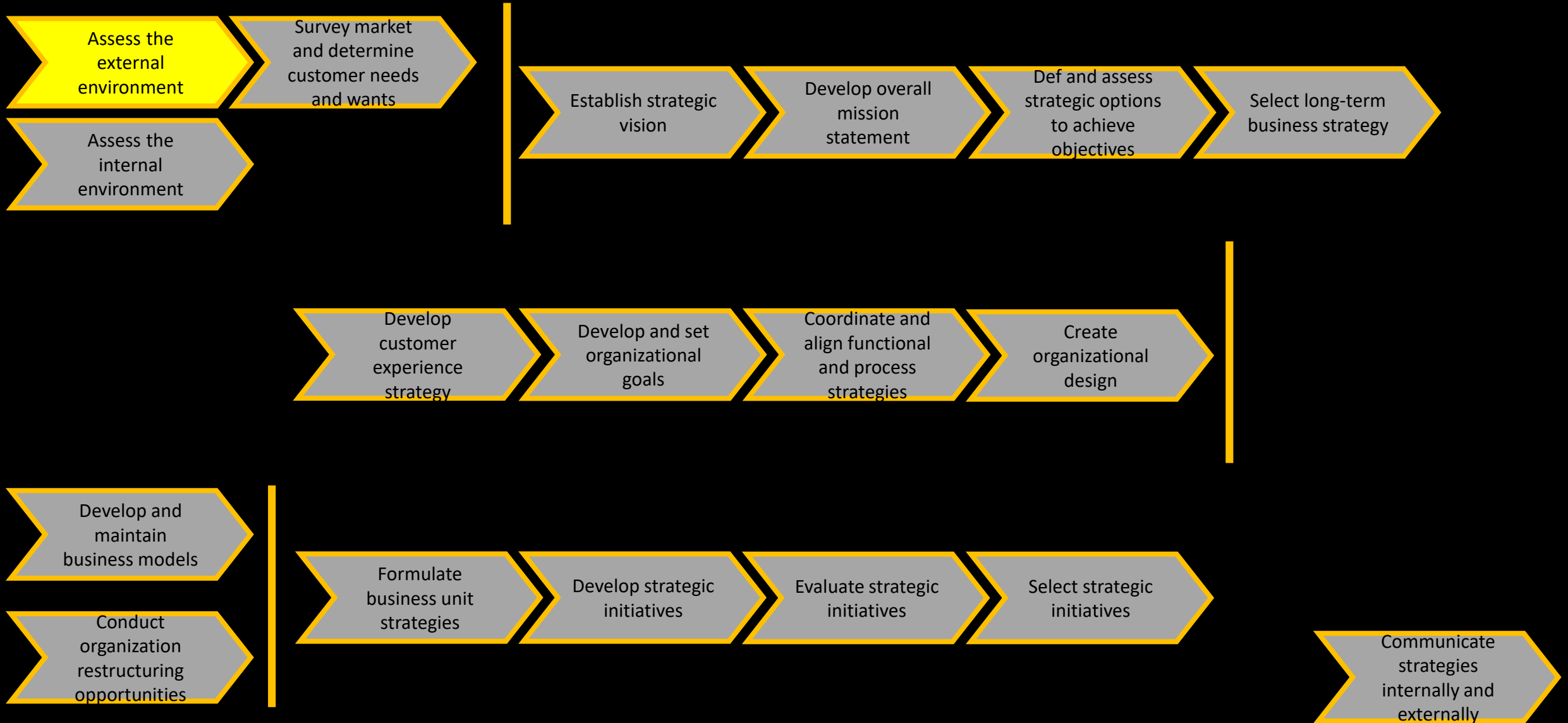
to both internal departments and external stakeholders like

- customers,
- suppliers, etc.,

in an effective manner based on organizational objective.



The Strategic Planning Process



Assess the external environment

Assessing all

- forces,
- entities, and
- systems

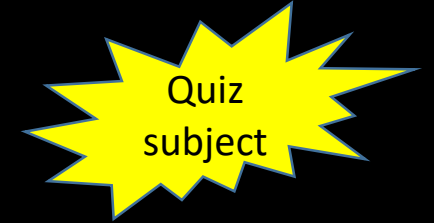
that

- are external to an organization but
 - can affect its operation.
-
- Analyze far-reaching currents in the macroeconomic situation,
 - assess the competition,
 - evaluate technological changes, and
 - identify societal as well as ecological issues of concern.

Create a big-picture understanding of externalities, with sufficient depth across individual aspects.

Assess the external environment - steps

1. Identify competitors
2. Analyze and Evaluate competition
3. Identify economic trends
4. Identify political and regulatory issues
5. Assess new technology innovations
6. Analyze demographics



Identify competitors

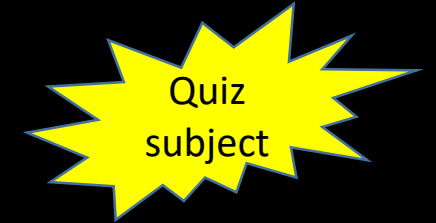
Identifying

- your competitors,
- their service and/or product.

Evaluating competitors strategies to determine their

- strengths and
- weaknesses

relative to those of your own product or service.



Identify competitors

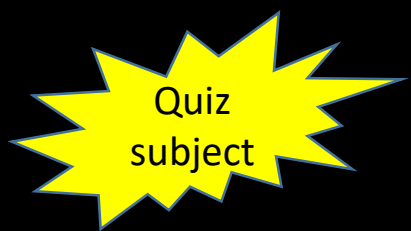
- Design a information collection form in order to Identify competitors

Analyze and Evaluate competition

Assessing the competitive forces in the marketplace that could potentially affect the organization.

Analyze various aspects of business competition including competing firms.

Aggregate competitive intelligence, create benchmarks to juxtapose processes and performance metrics, and inject crucial information about the competition into management models to synthesize insights.



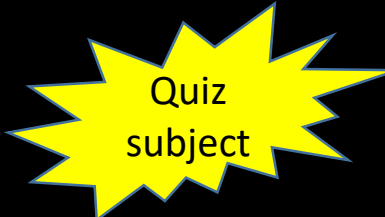
Quiz
subject

Select long-term business strategy

Embracing a strategy for the achievement of business goals over the distant future.

Espouse one of the strategic options for realizing its mission over the long term.

Enlist senior management executives, comprising strategy and/or business unit personnel.



Quiz
subject

Five Forces Analysis



Quiz subject

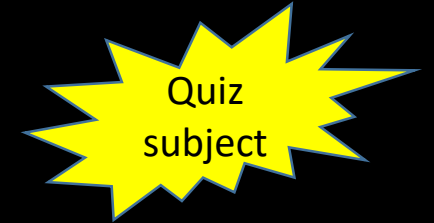
Five Forces analysis

Threat of new entry

- It means how easy it is for new entrants to enter into an industry and gain market share.
- If there are barriers to entry such as
 - high licensing fee,
 - high infrastructure costs,
 - few key players controlling the industry etc

then it will be difficult for new entrants to enter the market and therefore the threat of new entrants becomes low.

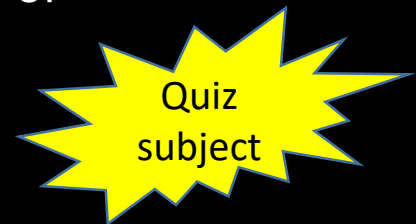
So, when this threat is low, it is considered that the market is attractive for existing players and they can enjoy low competition from newer companies.



Threat of Substitute Products (services)

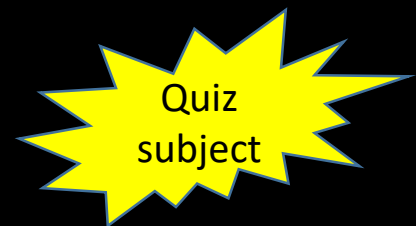
- This threat is related to customers' ability to switch to substitute products which will serve the purpose of an existing product.
- If customers can easily switch to using substitute products and there are no or very low switching costs involved, the threat of substitute products is considered as high.
- When this threat is high,
 - the market is said to be less attractive and
 - existing companies need to innovate their products to retain their existing customer base.

An example is mobile phones industry because customers can switch to using Apple or Samsung phones without incurring any costs.



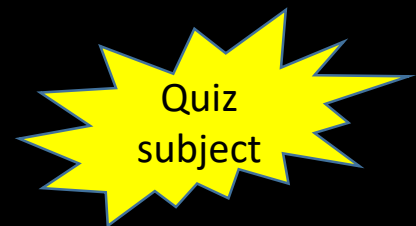
Bargaining Power of Suppliers

- The bargaining power of suppliers means how well the suppliers can control the prices of the raw materials they provide to the companies.
- If the suppliers are few in number and your company is dependent upon them as well as bound to purchase from them due to some political or international trade regulations, the bargaining power of suppliers is considered as high.
- So, a market/industry is considered as unattractive when suppliers' bargaining power is high.



Bargaining Power of Customers

- This means how much influence does customers have on the selling prices of your products.
- If customers can influence the prices offered by you, then their bargaining power is high and vice versa.
- Within some industries, prices are controlled by government authorities resulting in a low bargaining power of customers.
- A market is attractive when customers have a low bargaining power.

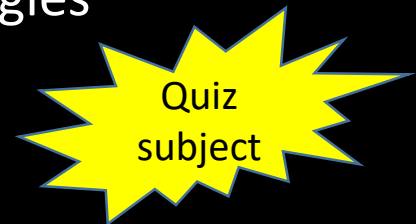


Competitive Rivalry within Industry

- Rivals might
 - be aggressive price competitors or they might
 - use nonprice strategies such as
 - innovation,
 - branding, or
 - superior quality.
- Industry capacity relative to total customer demand is an important indicator of whether a new entrant will find customers.
- The competition between existing players (companies within an industry) also contributes towards the attractiveness of an industry.
- If the companies already in business
 - are having a fierce competition and
 - aggressively fight for their share of the market,

it means the market is less attractive for new entrants and, to some extent, for existing players.

During such times, companies with innovative products and better pricing strategies survive while wiping out small players.



Analyze and Evaluate competition

- Apply the 5F analysis to the sector you chose

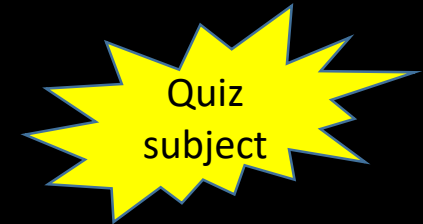


Identify economic trends

Determining large-scale macroeconomic shifts and trends, with medium to long-term relevance for the organization.

Verify the immediate and the larger economic ecosystem to identify broad-based movements that affect the organization.

In the immediate vicinity, for example, examine the stock price of key vendors/suppliers in the organizational value-chain.

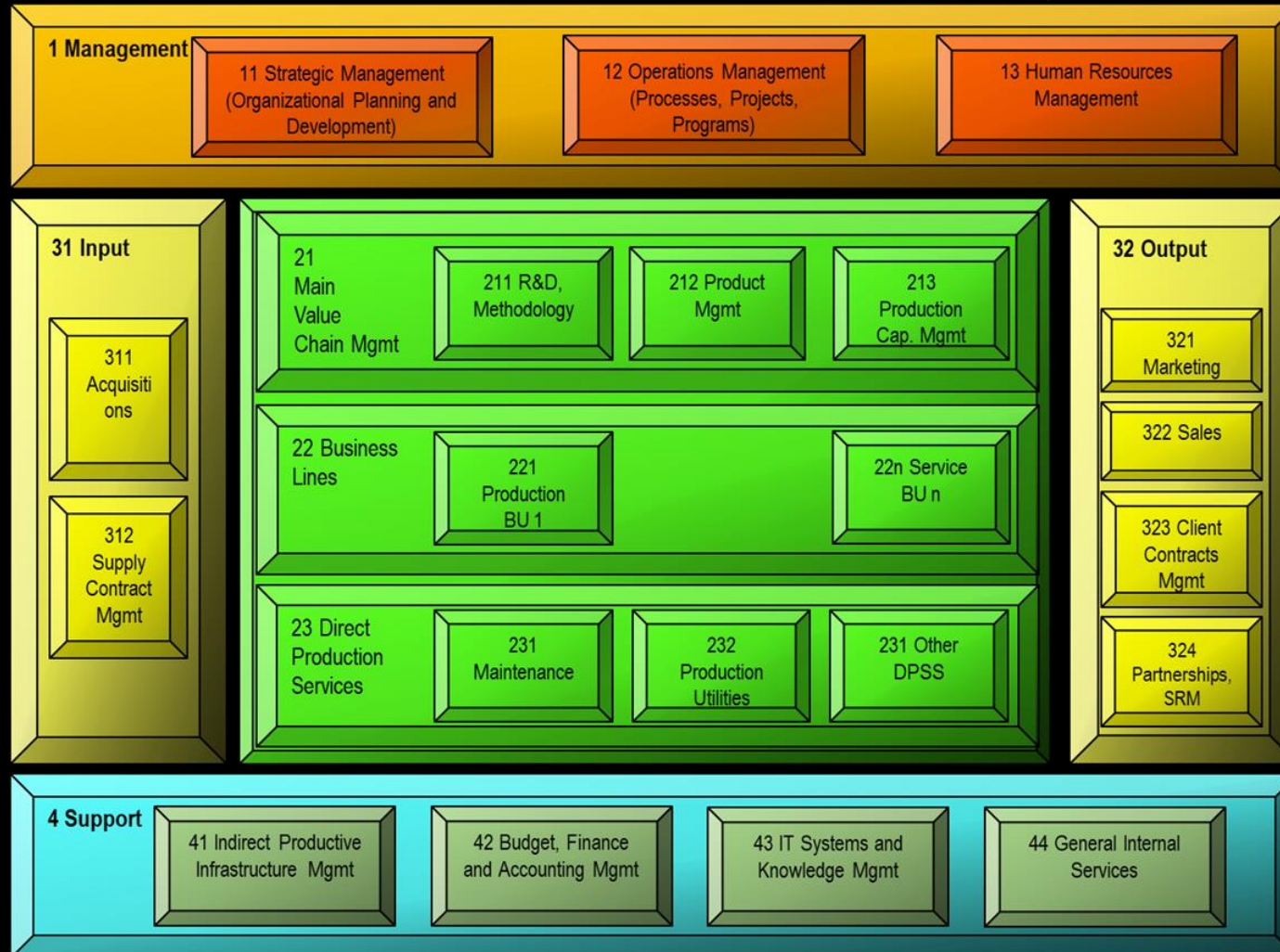


In the larger economic ecosystem, analyze according to geographical distribution where factors such as interest rates, taxation structures, oil prices, and unemployment rates are explored.



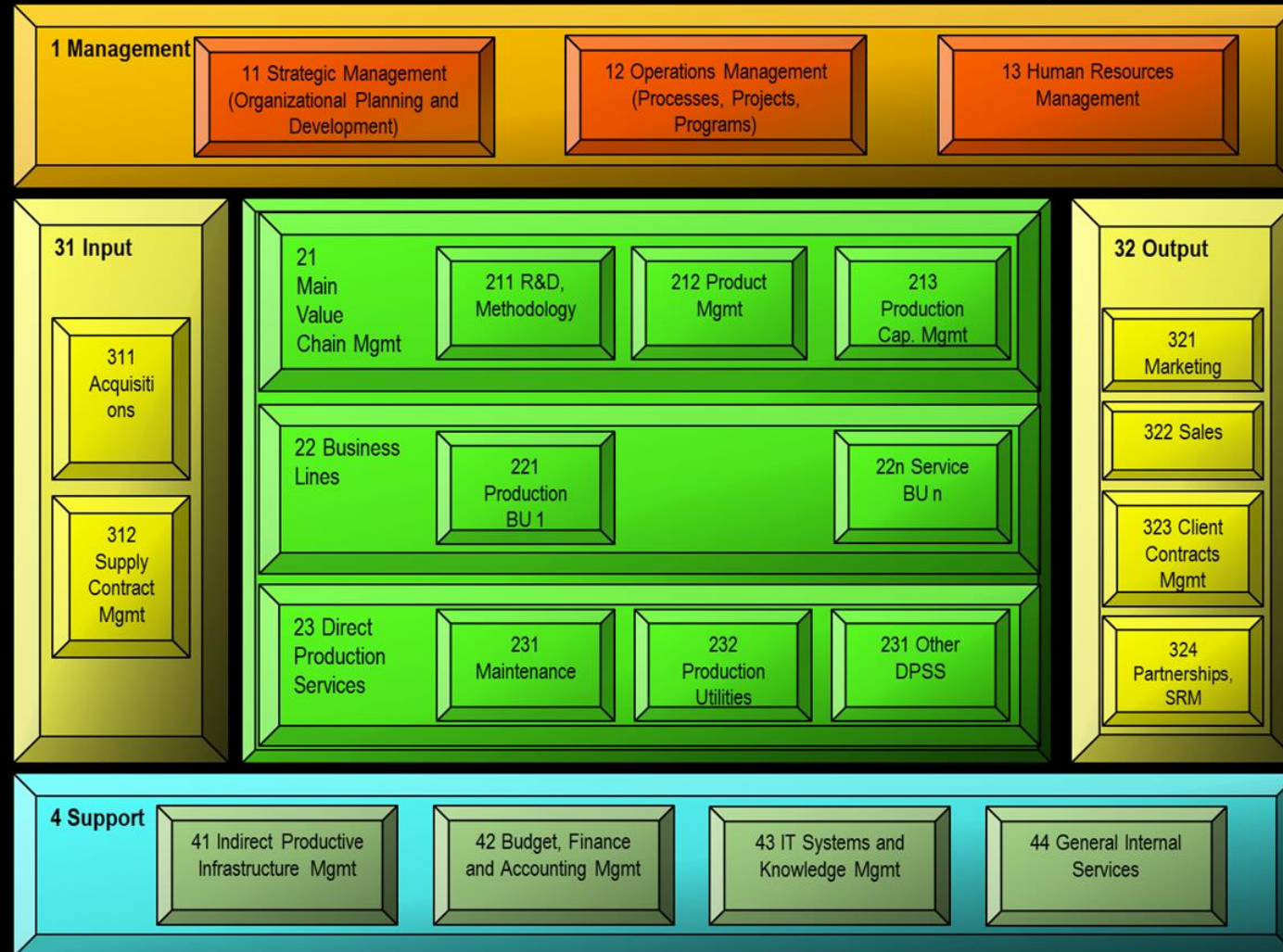
Identify economic trends

- Design an information collection form in order to identify the economic trends



Identify economic trends

- Design an information collection form in order to Identify the economic trends



Supply chain

Education system

Quiz subject

Customers

Local community

General Economic Infrastructure

Relevant economic trends are associated to these entities

Banks

State authorities

Assess new technology innovations

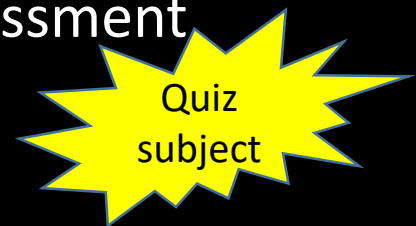
Assessing

- developments in technologies presently being used by the business,
- new technologies that have a potential for the business, and any
- disruptive innovations.

Conduct a survey of advancement in technologies that are already deployed with inputs from the personnel closely working with them, tracking utility and feasibility for deployment.

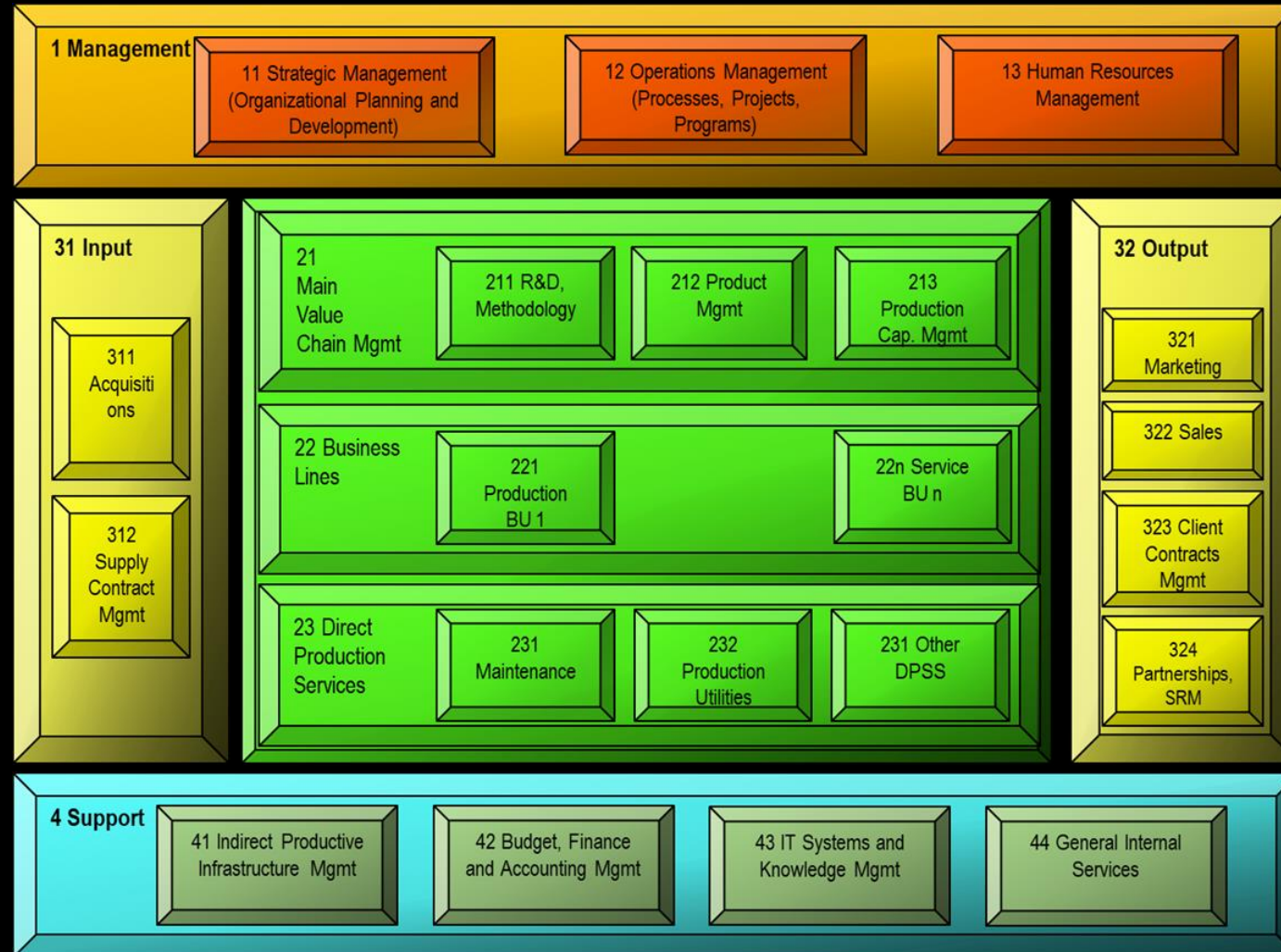
Arrange for mid- to senior-level management personnel who explore contingent uses to assess new and disruptive technologies.

Follow up with desk research, involving physical scoping and viability assessment



Assess new technology innovations

- Identify 3 new technologies applicable to your sector.



Relevant technologies, related projects

Analyze demographics

Analyzing statistical data relating to the

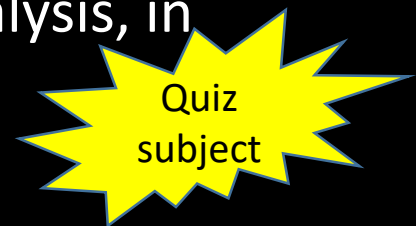
- size,
- distribution, and
- composition

of relevant populations, as well as

- their characteristics.

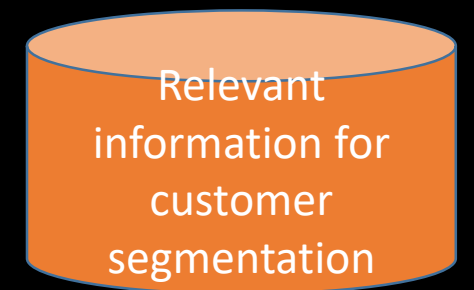
Perform quantitative analysis over raw data-sets gathered from well-founded sources such as government census or large, private databases.

Consider employing primary research in collecting required statistics. Use comprehensive studies (reports, briefs, and articles) to assist with the analysis, in place of raw data.

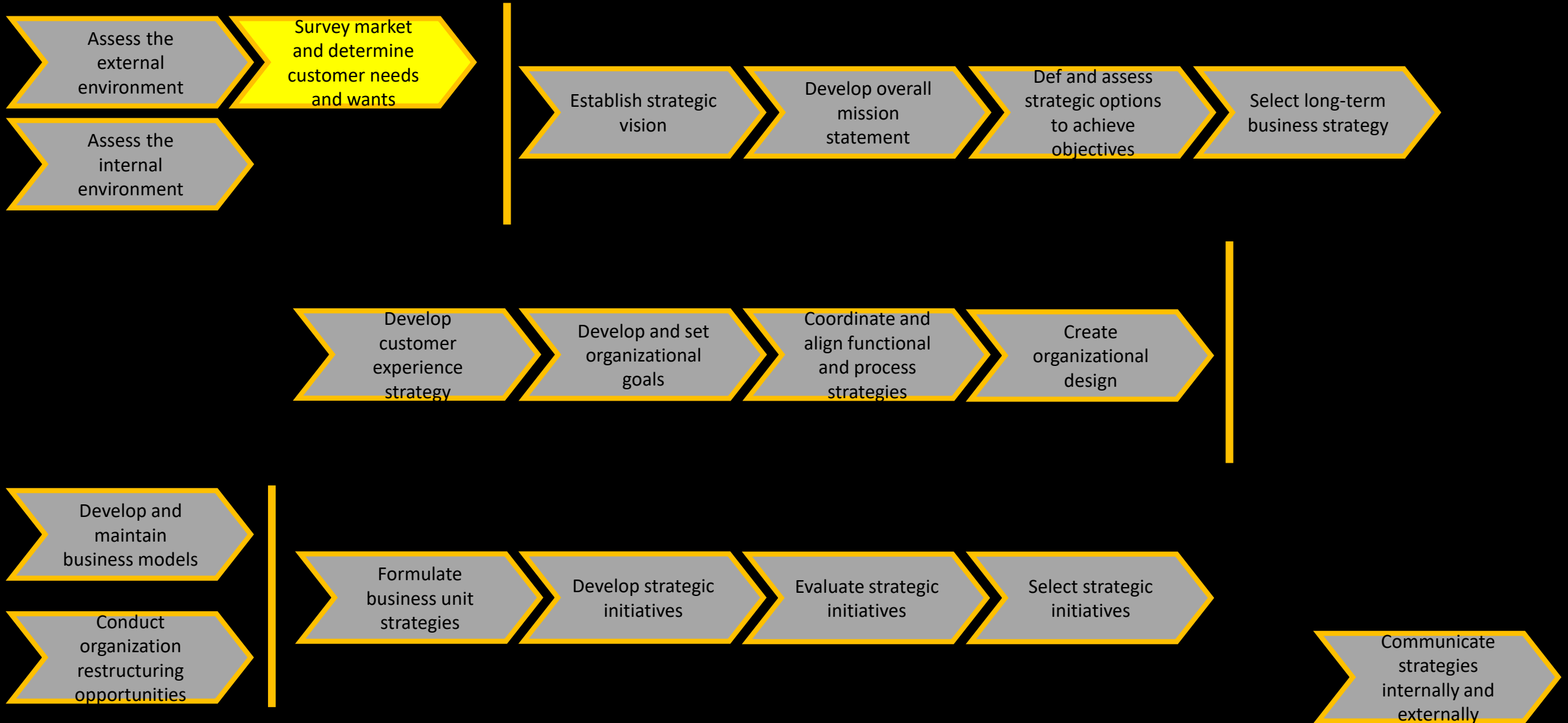


Analyze demographics

- Identify types of demographic information relevant to your sector.



The Strategic Planning Process

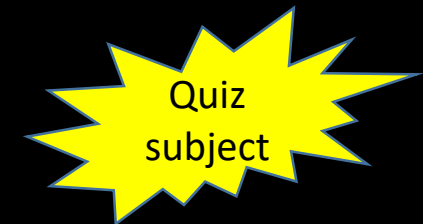


Survey market and determine customer needs and wants

Examining the market to identify customer required solutions.

Assess the relevant market(s) to determine the products/services that are needed or wanted by customers.

Carry out quantitative and qualitative analyses to capture and investigate products/services.



Employ creative techniques that allow for a closer appreciation of the customer, and design relevant solutions.



Survey market and determine customer needs and wants

- Identify a service you would need in the chosen sector
- Describe the service in one paragraph (deliverable, process steps, differentiators)