

VPM's
DR VN BRIMS, Thane
Programme: MMS (2018-20) (Operations)
Third Semester Examination October 2019

Subject	Service Operations Management		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	6	Date	22.10.2019

	Instructions:-	Marks
	<ul style="list-style-type: none"> • Q. No 1 is compulsory. • Attempt Any Four from the Remaining Six Questions. • Figures to the right indicate marks in full. 	
Q. 1	<p>Please study the case given below and answer the questions given at the end. You may assume any data as required. Please note that the questions are given only as guidance. Also bring out all relevant issues emanating from the case.</p> <p style="text-align: center;">Gourmet's Fantasy: Implementing Customer-Oriented Approach</p> <p>Restaurants are eating establishments with table service. There are a variety of restaurants like fast-food restaurants, family style restaurants, coffee houses, cafeterias, bistros, brasseries, etc. Restaurants serve all kinds of food ranging from typical Indian cuisine to Mexican cuisine. Most of the ritzy restaurants are often seen presenting food in a certain unifying and entertaining way. Whether a ritzy restaurant or a roadside one, what matters the most is the service it delivers to its customers. Not all restaurants can be successful. Most of the restaurants targeting the elite section of the society concentrate more on the ambience rather than their service. Although these kinds of restaurants allure many in the initial days, not many customers convert into repeat patrons.</p> <p>Therefore, for a restaurant to be successful, it must turn first-time customers into loyal, repeat patrons. This can be achieved by good service. To become a better service provider, a restaurant must train its staff to honor the customers, by giving them appropriate guidelines, providing them with service training manuals, and stressing on the fact that the customers are of the utmost importance.</p> <p>Service is more important than anything else in a restaurant as poor service will ruin the entire dining experience no matter how beautiful the surroundings are and how delicious the food is. The qualities of good service include quick service, being polite, patience, positive attitude, passion, and even team work. In any business, serving the customers require a huge amount of patience. By delivering excellent service, one not only honors oneself but also the customers as well as the business.</p> <p>'Gourmet's Fantasy' is one such food chain which has restaurants across India. 'Gourmet's Fantasy' serves food in its premises as well as offers take-away or home delivery services. the restaurant is specialized serving low-calorie and low-carb foods. The menu cards here are unique wherein calorie-counts are mentioned in their menus. They even have 'traffic light' labels or warning labels mentioned against few dishes, which indicate dangerously high levels of salt, fat,</p>	20

sugar etc.
 Even though recently started, the restaurant has gained lot of momentum within few months of its establishment because it serves tasty, healthy food and provides excellent customer-oriented service. 'Gourmet's Fantasy' is one of the very few restaurants, which has become famous all over the country both for its in-house and take-away services.
 However, majority of the restaurant's customers prefer to take food home rather than eat at the restaurant as the waiting time may be even more than an hour. Although the restaurant is making profits, it is losing some of its loyal customer base because of the waiting time. However, most of the restaurant's customers avoid visiting the restaurant especially during the week-ends, because of the crowd.
 Moreover, few of its customers who enjoy the comfort of getting food delivered home were not very satisfied by the home delivery services as the restaurant was unable to deliver food on time and sometimes it even got cold by the time it was delivered.
 The management wanted to restore its past fame and admiration from its customers. For this, the food chain had to change its design in order to suit the requirements of fast or quick delivery.

Suggested Questions for Discussion

- (a) Discuss about services industry and describe the elements which should be taken into consideration while describing the service organization.
- (b) Make a list of requirements that are necessary to ensure that the customer satisfaction is achieved in 'Gourmet's Fantasy' restaurant.
- (c) Discuss about the different service designs which are used to deliver on-site services.
- (d) How did 'Gourmet's Fantasy' design its process so that the requirements are met? Describe it by using a flow chart.

Q. 2 Answer **Any two** from the following. **5x2 = 10**

a. Delta Airlines is a service company providing low cost service. Can you conduct a strategic analysis for this company using both the five forces and core competence approach? How would the results differ?

b. In finding a location for a new restaurant, the eight sites listed in the table below were rated on a scale of 1 – 10 on four attributes. The weighting of each attribute is in the parenthesis in the column heading. What are the scores of each location? What decision(s) should be made?

Site	Access (0.2)	Proximity to Customers (0.4)	Competition (0.2)	Traffic (0.2)
A	7	4	5	9
B	8	6	5	9
C	3	9	2	8
D	4	2	7	5
E	8	6	4	6
F	1	4	3	7
G	7	4	8	4
H	5	1	6	2

		Do you think the selection of ratings for each attribute and the weights given to each are appropriate? Would you suggest different weights?																															
	c.	Services are classified on the basis of the level of customization and the labor intensity, as depicted in the “Service Process Matrix”. Do you think this classification helps in managerial decision making? What managerial challenges does this model highlight? Show with examples.																															
Q. 3		Answer Any two from the following.	5x2= 10																														
	a.	Our economies have evolved from pre-industrial to industrial and to post-industrial. What events could have happened to cause the changes in the transition from each economy?																															
	b.	Location decisions for service business are quite different from manufacturing location decisions. What do you see as possible reasons for this? If you are considering a location for your service business, what factors you might be taking into account?																															
	c.	Mr. Ram’s 15 year old daughter is going to give him an introductory concert later in the day, and he wants to purchase earplugs before then. Three stores in the vicinity sell earplugs: Store A, 10 minutes away, Store B, 15 minutes away, and Store C, 20 minutes away. According to the gravity model, what is the probability that Mr. John will go to each store?																															
Q. 4		Answer Any two from the following.	5x2 = 10																														
	a.	A hotel manager finds that on an average, the number of customers who do not show up after booking rooms is 12. So he feels he should resort to overbooking to the extent of 12 rooms. From the information given, do you think the manager’s proposal is correct? Can you help him in devising a suitable formula?																															
	b.	What do you think about the issues involved in the implementation of yield management systems? How can these issues be resolved?																															
	c.	<p>Hotel ABC found that it frequently turned down a customer in the lobby because a room was reserved for a customer who never showed up. The manager felt that the hotel’s policy of overbooking should be examined. The average room rate was Rs. 3500 per night, but the hotel could not collect the room rate from the ‘no show’ customers. If no over bookings were allowed, each no-show would in reality cost the hotel Rs. 3500. If it overbooked too much and the rooms got filled up early in the night, customers with reservations who arrived later would find no rooms available, and they would be most unhappy. About 10% of those customers did not cost the hotel any money; they merely muttered menacingly and walked out. Another 10% were satisfied with being “walked” (or transferred) to another hotel, at no cost to Hotel California. The remaining guests were so upset by this decision that the hotel had to repair broken lobby furniture at a cost of Rs.10000. The hotel’s no-show experience is summarized in the table below:</p> <table border="1" data-bbox="462 1633 1156 2007"> <thead> <tr> <th>No-shows</th> <th>% of experience</th> <th>Cum. % of experience</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>5</td> <td>5</td> </tr> <tr> <td>1</td> <td>10</td> <td>15</td> </tr> <tr> <td>2</td> <td>20</td> <td>35</td> </tr> <tr> <td>3</td> <td>15</td> <td>50</td> </tr> <tr> <td>4</td> <td>15</td> <td>65</td> </tr> <tr> <td>5</td> <td>10</td> <td>75</td> </tr> <tr> <td>6</td> <td>5</td> <td>80</td> </tr> <tr> <td>7</td> <td>5</td> <td>85</td> </tr> <tr> <td>8</td> <td>5</td> <td>90</td> </tr> </tbody> </table>	No-shows	% of experience	Cum. % of experience	0	5	5	1	10	15	2	20	35	3	15	50	4	15	65	5	10	75	6	5	80	7	5	85	8	5	90	
No-shows	% of experience	Cum. % of experience																															
0	5	5																															
1	10	15																															
2	20	35																															
3	15	50																															
4	15	65																															
5	10	75																															
6	5	80																															
7	5	85																															
8	5	90																															

		9	5	95		
		10	5	100		
		What should be the overbooking policy of the hotel? Use the method of “Averages” approach”				
Q. 5		Answer Any two from the following.				5x2 = 10
	a.	Do you think that service sector inventory problems are quite different from typical manufacturing inventory problems? If so, give a few examples of such differences.				
	b.	In a retail store, the cost of a perishable item is Rs. 30 and it is sold for Rs. 50. In the event of the item not being available when demanded, the only cost is the loss of potential profit. If the item is unsold, it has no value. What should be the quantity of the item to be stocked? The demand for the item is normally distributed with mean 90 units and standard deviation 20 units.				
	c.	Service Businesses often stock inventory in terms of number of weeks of demand. For example, if average demand is 2 units per week, stock three weeks’ worth or 6 units. Do you think it is the right strategy? What problems do you think such a strategy could cause?				
Q. 6		Answer Any two from the following.				5x2 = 10
	a.	Businesses often resort to outsourcing and offshoring of certain activities. Do you believe both are same? If not, what do you think are the essential differences between the two? What do you think are the risks in offshoring?				
	b.	In spite of various advantages associated with outsourcing, firms prefer not to outsource certain types of activities but rather, keep them in-house. Do you agree with this statement? If you are a business owner, what activities would you prefer to keep in-house?				
	c.	It is said that service processes are more difficult to measure and monitor than manufacturing processes. Do you feel it is so? What do you think are the main issues faced by service businesses in measuring and monitoring the processes?				
Q. 7		Answer Any two from the following				5x2 = 10
	a.	Very often there is a “Gap” between the quality of service as perceived and provided by the service provider and the quality as perceived by the customer. How do you explain this? What do you think about the “SERVQUAL” Model which has been designed to address these differences and improve the service quality?				
	b.	Due to long lead times, fashion goods must usually be purchased by retail stores long before the season begins, and quite often cannot be ordered again during the season. For a fashion dress, the predicted average sales are 5000 dresses per store. The sales are normally distributed with standard deviation of 1500. The dresses cost \$40 and can be sold for \$120. Unsold dresses can be sold at the end of the season to discount stores for \$10. How many should be ordered?				
	c.	Distinguish between service and manufacturing operations. Compare their distinguishing features with reference to physical, production, marketing, strategy, and organization. Bring out at least 10 differences				

Normal Distribution Table

<i>z</i>	+0.00	+0.01	+0.02	+0.03	+0.04	+0.05	+0.06	+0.07	+0.08	+0.09
0.0	0.00000	0.00399	0.00798	0.01197	0.01595	0.01994	0.02392	0.02790	0.03188	0.03586
0.1	0.03983	0.04380	0.04776	0.05172	0.05567	0.05962	0.06356	0.06749	0.07142	0.07535
0.2	0.07926	0.08317	0.08706	0.09095	0.09483	0.09871	0.10257	0.10642	0.11026	0.11409
0.3	0.11791	0.12172	0.12552	0.12930	0.13307	0.13683	0.14058	0.14431	0.14803	0.15173
0.4	0.15542	0.15910	0.16276	0.16640	0.17003	0.17364	0.17724	0.18082	0.18439	0.18793
0.5	0.19146	0.19497	0.19847	0.20194	0.20540	0.20884	0.21226	0.21566	0.21904	0.22240
0.6	0.22575	0.22907	0.23237	0.23565	0.23891	0.24215	0.24537	0.24857	0.25175	0.25490
0.7	0.25804	0.26115	0.26424	0.26730	0.27035	0.27337	0.27637	0.27935	0.28230	0.28524
0.8	0.28814	0.29103	0.29389	0.29673	0.29955	0.30234	0.30511	0.30785	0.31057	0.31327
0.9	0.31594	0.31859	0.32121	0.32381	0.32639	0.32894	0.33147	0.33398	0.33646	0.33891
1.0	0.34134	0.34375	0.34614	0.34849	0.35083	0.35314	0.35543	0.35769	0.35993	0.36214
1.1	0.36433	0.36650	0.36864	0.37076	0.37286	0.37493	0.37698	0.37900	0.38100	0.38298
1.2	0.38493	0.38686	0.38877	0.39065	0.39251	0.39435	0.39617	0.39796	0.39973	0.40147
1.3	0.40320	0.40490	0.40658	0.40824	0.40988	0.41149	0.41308	0.41466	0.41621	0.41774
1.4	0.41924	0.42073	0.42220	0.42364	0.42507	0.42647	0.42785	0.42922	0.43056	0.43189
1.5	0.43319	0.43448	0.43574	0.43699	0.43822	0.43943	0.44062	0.44179	0.44295	0.44408
1.6	0.44520	0.44630	0.44738	0.44845	0.44950	0.45053	0.45154	0.45254	0.45352	0.45449
1.7	0.45543	0.45637	0.45728	0.45818	0.45907	0.45994	0.46080	0.46164	0.46246	0.46327
1.8	0.46407	0.46485	0.46562	0.46638	0.46712	0.46784	0.46856	0.46926	0.46995	0.47062
1.9	0.47128	0.47193	0.47257	0.47320	0.47381	0.47441	0.47500	0.47558	0.47615	0.47670
2.0	0.47725	0.47778	0.47831	0.47882	0.47932	0.47982	0.48030	0.48077	0.48124	0.48169
2.1	0.48214	0.48257	0.48300	0.48341	0.48382	0.48422	0.48461	0.48500	0.48537	0.48574
2.2	0.48610	0.48645	0.48679	0.48713	0.48745	0.48778	0.48809	0.48840	0.48870	0.48899
2.3	0.48928	0.48956	0.48983	0.49010	0.49036	0.49061	0.49086	0.49111	0.49134	0.49158
2.4	0.49180	0.49202	0.49224	0.49245	0.49266	0.49286	0.49305	0.49324	0.49343	0.49361
2.5	0.49379	0.49396	0.49413	0.49430	0.49446	0.49461	0.49477	0.49492	0.49506	0.49520
2.6	0.49534	0.49547	0.49560	0.49573	0.49585	0.49598	0.49609	0.49621	0.49632	0.49643
2.7	0.49653	0.49664	0.49674	0.49683	0.49693	0.49702	0.49711	0.49720	0.49728	0.49736
2.8	0.49744	0.49752	0.49760	0.49767	0.49774	0.49781	0.49788	0.49795	0.49801	0.49807
2.9	0.49813	0.49819	0.49825	0.49831	0.49836	0.49841	0.49846	0.49851	0.49856	0.49861
3.0	0.49865	0.49869	0.49874	0.49878	0.49882	0.49886	0.49889	0.49893	0.49896	0.49900
3.1	0.49903	0.49906	0.49910	0.49913	0.49916	0.49918	0.49921	0.49924	0.49926	0.49929
3.2	0.49931	0.49934	0.49936	0.49938	0.49940	0.49942	0.49944	0.49946	0.49948	0.49950
3.3	0.49952	0.49953	0.49955	0.49957	0.49958	0.49960	0.49961	0.49962	0.49964	0.49965
3.4	0.49966	0.49968	0.49969	0.49970	0.49971	0.49972	0.49973	0.49974	0.49975	0.49976
3.5	0.49977	0.49978	0.49978	0.49979	0.49980	0.49981	0.49981	0.49982	0.49983	0.49983
3.6	0.49984	0.49985	0.49985	0.49986	0.49986	0.49987	0.49987	0.49988	0.49988	0.49989
3.7	0.49989	0.49990	0.49990	0.49990	0.49991	0.49991	0.49992	0.49992	0.49992	0.49992
3.8	0.49993	0.49993	0.49993	0.49994	0.49994	0.49994	0.49994	0.49995	0.49995	0.49995
3.9	0.49995	0.49995	0.49996	0.49996	0.49996	0.49996	0.49996	0.49996	0.49997	0.49997