Introductions

a. Joined Sloan faculty in January 1983
   Operations Management Group & ESD
   PhD, Stanford Business School

b. Experience in Auto, Aero, Elect, Telec,
   ConsPdts

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c. Research in
   i. Economics of Quality Improvement
   ii. Economics of Flexible Manufacturing
   iii. Supply Chain Design
   iv. Value Chain Dynamics & Roadmapping
“Housekeeping” for Service Operations

1. Grading
   1. Class participation: Individual 35%
   2. Final project: Group 25%
   3. Case submissions (3): Individual 40% (10+15+15)

2. Please use name cards.

3. Professional Standards
   Academic Integrity--“Do your own work”
   Behavioral Integrity -- “Do unto others . . . ”
Academic Integrity & Professional Standards

1. Understand the definition of Plagiarism. Be careful.

2. Leave laptops, cell phones, PDA,s etc. off.

3. For group work in this class: Please use Type 3 collaboration: “Each team member must contribute substantially to the deliverable and understand the whole as well as the parts. (I.e., limits to ‘divide and conquer’ strategy. The team may not collaborate with other students outside of the team.”

see also:

http://web.mit.edu/academicintegrity/
Class 1  Introduction; Concepts in Service Operations  
Case: Benihana  
Reading: Frances Frei, “Breaking the Trade-off between Efficiency and Service,” HBR

Class 2  Process Design - Order Fulfillment  
Case: Pharmacy Service Improvement at CVS (A) 9-606-015  

Class 3  The Role of the Employee  
Cases: Ritz-Carlton  
Reading: “My Week as a Room-Service Waiter at the Ritz,” HBR, June 2002,  
Other students’ letters on class website

Class 4  The Role of the Customer  
Cases: Zipcar  
Reading: The Four Things a Service Business must get right,” F. Frei, HBR

Class 5  Refining Retailing Business Models  
Cases: McDonald’s 9-603-041  
Starbucks 9-504-016
Class 6  Clockspeed & Disruptions

Class 7  Disruptive Service Models
Case: Southwest Airlines
Skim: “Intelligent Design,” by Piepenbrock & Fine

Class 8  Process Design – Health Care Systems
Reading: “Fixing Health care from the Inside, Today,” S. Spear, HBR.
Case: Shouldice Hospital 9-805-002

Class 9  Frameworks for Service Operations, I
Guest Lecture: Professor Gabriel Bitran
Bitran & Lojo "A Framework for Analyzing Service Operations"

Class 10  Frameworks for Service Operations, II
Guest Lecture: Professor Gabriel Bitran

Class 11  Retailing & Logistics Capabilities I
Case: Seven-Eleven Japan

Class 12  Retailing & Logistics Capabilities II
Cases: Wal*mart Stores, Inc. (9-794-024)
Wal-mart’s Response to Hurricane Katrina
Class 13  
**Employee Involvement & Data Mining**  
Case: IBM Retail Business Assessment at Dillard’s  
HBS case #9-610-051

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Class 14  
**The last ten yards of supply chain delivery**  
Case: Mercadona  
9-610-089

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Class 15  
**Consumer Insurance**  
Case: Progressive Insurance  

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Class 16  
**Internet as Disruptive vs Sustaining**  
Case 1: Citibank’s e-Business Strategy for Global Corporate Banking (2008)  
Case 2: The Charles Schwab Corporation in 2007: Fixing and Redefining the Core Business

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Class 17  
**B2B Supply Chain Platforms**  
Alibaba Group (HBS: 9-710-436)

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Class 18  
**IT Outsourcing & Consulting**  
Case: Infosys Consulting in 2006: Leading the Next Generation of Business and Information Technology Consulting
Class 19  **Web Services, Cloud Computing & Digital Media**  
Case: Amazon Web Services  
Reading: “The End of IT Outsourcing As We Know It,” by Stephanie Overby, CIO Magazine.

Class 20  **Disruptions & Servicization in the Auto Industry**  
Reading: Chapters 1, 2, 3 of The Machine that changed the World, by Jones, Womack, & Roos.

Plus, Better Place: Watch the short video (5 min):  
[http://www.youtube.com/watch?v=mXfqGL3C2ul&NR=1&feature=fvwp](http://www.youtube.com/watch?v=mXfqGL3C2ul&NR=1&feature=fvwp)

and the Longer video (20 min):  
[http://www.youtube.com/watch?v=FcoJt2KLC9k&feature=related](http://www.youtube.com/watch?v=FcoJt2KLC9k&feature=related)

Class 21  **Disruptive Service Models -- Again**  
Case: House-Building Disrupted: Supply Chain Re-Engineering during an Epic Disaster  
Background Readings (skim only): The following on the Stellar website:  

Class 22  **Supply Chain Systems: Social Responsibility**  
Cases: IKEA’s Global Sourcing Challenge: Indian Rugs and Child Labor (A) & (B)

Class 23  **Organization Change; Government Services**  
Cases: Internal Revenue Service

Class 24  **Student Project Presentations**
1. What if a manufacturer had customers walking around on the shop floor?

2. Classic Operations Management emphasizes elimination of variability, but service operations need to accommodate customer variability.

3. In service ops, customers are key inputs and sometimes processors in the system.

What must be different in service operations?
Five Types of Variability

1. Arrival variability: I want it NOW!
2. Request variability: I want it MY WAY!
3. Capability variability: Serve me as I am.
4. Effort variability: Serve me, not self serve.
A thumbnail sketch of the 20th century’s big ideas in operations management

1920’s: Ford & Taylor
    Moving Production line and standardized work
1930’s: Shewhart
    Statistical Control of Quality
1960’s: Ohno
    Lean Production System
1980’s: Goldratt & Kaplan
    Measurement & Theory of Constraints
1990’s: Hammer & Dell
    Reengineering/Process Focus & “Direct Model”
Improvement Dynamics can be continuous or disruptive.

- Performance
- Time
- Maturity
- Disruption
- Takeoff
- Ferment
FOUR STAGES OF THE STRATEGIC ROLE OF OPERATIONS IN A COMPANY

(WHEELWRIGHT/HAYES, HBR, JAN '85)

1. INTERNALLY NEUTRAL
   Minimize the “negative effect” of manufacturing

2. EXTERNALLY NEUTRAL
   Achieve Parity with Competitors

3. INTERNALLY SUPPORTIVE
   Provide Support to the Business Strategy

4. EXTERNALLY SUPPORTIVE
   Manufacturing contributes significantly to competitive advantage

Note: Inside-out vs. Outside-in of Clockspeed approach