

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FOURTH TRIMESTER (Batch 2022-24)

END TERM EXAMINATIONS, OCTOBER, 2023

Course Name	Managing Service Operations	Course Code	20523
Max. Time	2 hours	Max. Marks	40 MM

INSTRUCTIONS:

- All Questions are compulsory.
- Please answer to the point with all relevant details.
- Use your own calculators for computational purposes.

Question 1

(2.5+2.5) = 5 Marks

Examine the basic difference between the roles played by the Marketing Function in the service sector as compared to the manufacturing sector. Hence illustrate the significance of the expanded role of the Marketing Function in the service sector.

Question 2

(2.5+2.5) = 5 Marks

Outline and discuss the term, 'service concept'. Illustrate its essential components. Explain its significance in a service industry.

Question 3

(2.5+2.5) = 5 Marks

Analyze why some companies charge a different price for different consumers, and at different times. Demonstrate how this policy might work better than a traditional fixed price policy.

Question 4

5 Marks

The Air Asia Airlines Company overbooks all its flights by one passenger, that is, the ticket agents take 61 reservations for an all-economy 60-seater flight. The no-show experience for the past 20 days is shown below.

No Shows	Frequency
0	6
1	5
2	4
3	3
4	2

Using the critical fractile algorithm, determine the maximum implied cost of overbooking a seat if the profit earned for each ticket sold in the flight is \$20.

Question 5

(3 + 5) = 8 Marks

A school cafeteria is operated by five persons performing the activities listed below, along with the average times taken by these activities.

Activity	Average Time, Sec.
Serve Salad and dessert	10
Pour drinks	30
Serve entrée	60
Serve vegetables	20
Tally and collect payment	40

- What is the bottleneck activity and the maximum service capacity per hour?
- Recommend a reallocation of activities that would increase capacity and use only four employees, and construct a product flow diagram. What is the capacity of your improved system?

Question 6

(5 + 5 + 2) = 12 Marks

Read the case given below and answer the following questions.

- Evaluate the performance measures in place at the Squire Hotel Group. You may wish to consider the balance, or mix, of measures and the links between the performance measures at the various levels in the Squire Group and their various objectives.
- Assess how well the various objectives align with, and support, each other.
- List some improvements which you would like to suggest?

The Squire Hotel Group (SHG) runs a chain of 20 hotels, with between 40 and 120 bedrooms, in locations that include Oxford, Warwick and Southport. SHG sees itself in the three-star market, with hotels that have their own personality and style, providing high-quality food and service at an affordable price. The majority of mid-week guests are commercial clients. The normal mid-week occupancy rate is about 80 per cent. Weekend occupancy is about 30 per cent, comprising mainly weekend-break packages. The company does not have any major expansion plans but is trying to strengthen its existing market position.

Squire's managing director, Justin Palmer, believes that it has a high degree of customer loyalty in the commercial sector. He explains:

The hotel managers are expected to integrate with their local community through Chambers of Commerce and Round Tables, primarily to gain visibility but also to demonstrate a local and caring attitude. The image they try to create is a good-quality, small and friendly hotel that local business can rely upon for their visitors. The hotel managers are expected to work hard to develop personal relationships with local firms and may also try to promote other hotels in the chain for any 'away' visits. We get most of our repeat bookings because of the reputation we have developed for the quality of our food and attentive and courteous service.

The Squire Hotel in Oxford has 41 bedrooms and is situated close to Magdalen College. The entrance lobby is small but pleasantly decorated. The room is dominated by a grandfather clock and an elegant mahogany desk. Charles Harper, the hotel's manager, explained:

I do not like the traditional counter arrangement, I like a simple, open and friendly situation with a clear desk to demonstrate our uncluttered and caring attitude. Even our computers are kept in a small room just off the lobby, out of sight. I want my guests to feel that they are important and not just one of the 70 that we are going to deal with that evening.

SHG's hotel managers are totally responsible for their own operations. They set staff levels and wages within clear guidelines set by head office. Although pricing policy is determined centrally, there is scope for adjustment and they can negotiate with local firms or groups in consultation with head office. Charles Harper added:

Every year, each hotel manager agrees the financial targets for his own operation with head office, and if the manager does not reach his target without good reason, he may well find himself out of a job. I believe

CONTINUED - - -

that it is my job to be constantly improving and developing this business. This is naturally reflected in the yearly profit expectations.

The hotel managers report performance to the group monthly on four criteria: occupancy, profit, staff costs and food costs. The information provided allows senior managers to drill down to the costs of individual people and meals. Charles Harper explained:

My job is to try to get and maintain 100 per cent occupancy rates and keep costs within budget. During the tourist season Oxford has more tourists looking for beds than it has beds, so in the peak season, which is only two months long, we expect to achieve 100 per cent utilisation of rooms. Indeed, I am budgeted for it. This has been a bad year so far. The high value of the pound has kept many American tourists away and our occupancy has sometimes been as low as 90 per cent. In the off-season our occupancy drops to 60 per cent – this is still very good and is due to our excellent location. In the peak season we charge a premium on our rooms. This does not cause any problems, but our guests do expect a high standard of food and service.

We get very few complaints. Usually these are about the food, things like the temperature of the vegetables, though recently we had a complaint from two elderly ladies about the juke-box in the bar. We don't have any formal means of collecting information about quality. Head office may come and check the hotel once or twice a year. We always know when they are coming and try to look after them. We don't use complaints or suggestion forms in the bedrooms because I think it tends to get people to complain or question the service. However, I do try to collect some information myself in order to get an indication from guests about how they feel about the quality or the price. I don't document the results, but we know what is going on. Our aim is to prevent complaints by asking and acting during the service.

I have 40 staff, most of whom are full-time. Ten work mainly on the liquor side, 20 on food and 10 on apartments. There is a restaurant manager and a bar manager. Staff turnover is 70 per cent, which compares very well with most hotels, where turnover can be as high as 300 per cent. In general the staff are very good and seem to enjoy working here.

The restaurant at the Squire Hotel in Oxford has 20 tables with a total seating capacity of 100. The restaurant is well used at lunchtime by tourists and visitors to the local colleges and by local business people. However, there are several excellent and famous restaurants that tend to draw potential customers and even hotel guests away from the hotel restaurant in the evenings.

The restaurant managers have considerable discretion in menu planning, purchasing and staffing, providing they keep to the budgets set by head office. These budgets specify, for example, the food and staff costs for an individual breakfast, lunch and dinner. Overall food costs and staff costs are reported weekly to the hotel manager. The style of restaurants in the hotels varies considerably from carvery to à la carte, with the decisions made on the basis of the type of hotel and the requirements of the local community. Elizabeth Dickens, the restaurant manager, explained:

My job is concerned with keeping to food and staff budgets, and so most of my time is taken up with staffing, purchasing and menu planning. At lunchtime, for example, I provide four items, three traditional and one vegetarian, and these change weekly. We aim to serve a main course within 15 minutes of taking an order. I am constantly looking for new ideas for our menus and better ways of serving but I am constrained by continually tightening budgets from head office. I think we have now reached the point where we are starting to lose many of our established customers. We really do need to respond to the changing demands of our customers in terms of speed of service, particularly at lunchtimes, and changes in diet together with the desire for a greater and more interesting range of meals. I think head office is out of touch with reality.