

BYU Winter Semester 2014

## **MBA 619-2 – Customer Relationship Management: Service Design and Innovation**

Tuesdays 2:00-4:45pm – W122TNRB (alt 484 TNRB)

1/7/2014 draft

### **Instructor:**

Dr. Scott E. Sampson, 660 TNRB, sampsonclass+byu@gmail.com, cell 722-9222.  
Office Hours: Monday & Wednesday, by appointment, office 422-9226  
See course website for announcements and updates.

### **About the course:**

CRM is “A business strategy that maximizes profitability, revenue and customer satisfaction by organizing around customer segments, fostering behavior that satisfies customers, and implementing customer-centric processes.” (Gartner Group)

This course covers methods and principles for effective management of customer relationships and interactions. We will learn how to analyze customer-interactive processes and how to facilitate customer roles and customer value.

We will also study methods for strategically redesigning customer relationships to achieve increased satisfaction and decreased costs. This includes identifying and evaluating opportunities for service innovation.

One aspect of CRM is technology (so-called “CRM Systems”). We will discuss the application of technology in customer service design, although this is not a CRM technology course.

### **Course learning objectives:**

Be prepared to analyze and improve customer relationships. This includes...

1. Learn important concepts pertaining to service design and improvement (PCN Analysis).
2. Be able to synthesize and integrate principles that guide effective service design.
3. Be able to explain principles of service design in a convincing way.
4. Be able to apply service design principles to real organizations.

In this course you will learn:

- how to document and analyze customer relationships.
- how to identify potential problems in customer service processes.
- how to redesign service relationships for strategic advantage.
- how to empower customers to effectively co-produce.
- how to make customer relationships lean, providing higher value at lower cost.
- how to systematically explore and evaluate service innovation opportunities.
- how to build an effective service value network.

## Teaching Methods and Materials:

The course will involve study of customer relationship management through a method known as PCN Analysis. We will learn PCN Analysis through case studies and exercises involving CRM design decisions. The foundation of the course is the text:

*Essentials of Service Design and Innovation*, Third Edition, by Scott Sampson (2013). (called “ESDI book”) Available in the BYU bookstore.

During the course we will also study cases, available in a BYU Bookstore packet.

## Course Components

According to Marriott School policy<sup>1</sup>, the target GPA for this course is 3.5. The following components of the semester evaluation are described below:

Grade Component	Percent	Relates to objective
A. Participation and contribution.	15%	#2 (synthesize / integrate)
B. Team case write-ups and Analysis Exercises.	15%	#2 (synthesize / integrate) #4 (apply principles)
C. Team Service Process Audit report.	10%	#4 (apply principles)
D. <i>Customer Relationship Futures</i> team presentation.	25%	#3&#4 (explain/apply)
E. Mid-term exam.	10%	#1/#4 (learn/apply)
F. Final exam.	25%	#1/#4 (learn/apply)
Total	100%	

**A. Participation and contribution** for class is assessed by student attendance and quality contributions to class discussions (including name cards up each session). Any student can miss class one session without grade penalty. With instructor permission, you can video Skype into class as long as you identify a classmate with a computer to host your visit.

To assist in assessing student team participation outside of class, I will ask you to complete a team work assessment for you and for each student on your team, using the following scale:

<p>(student name) _____ participation in out-of-class team projects was:</p> <p><input type="checkbox"/> exceptional (more than should be expected). Explain: _____</p> <p><input type="checkbox"/> adequate (as would be reasonably expected) (no explanation necessary)</p> <p><input type="checkbox"/> marginal (possibly less than reasonably expected). Explain: _____</p> <p><input type="checkbox"/> deficient (clearly less than reasonably expected). Explain: _____</p>
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I expect that most students will do adequate work, which earns full credit for team participation.

<sup>1</sup> see <http://marriottschool.byu.edu/students/classroompolicies>

**B. Team case write-ups and analysis exercises.** Case write-ups are brief (but thoughtful) answers to the case questions in Appendix B of the syllabus. Limit it to one page, front and back. The heading should identify the course, the case, and the team members. One write-up per team, based on team discussion of the case. Every student should be prepared for class.

Analysis Exercises are small assignments that let you practice applying course principles and techniques to real business situations (an assigned case or some other assigned business). They will be assigned each session, and we may sometimes begin working on them in class. You should work on them as teams. They can be completed by hand or electronically, in PowerPoint using the exercise file from the course website. List team member names in the lower left-hand corner. Analysis Exercises will be graded on legibility, organization, completeness, insightfulness, and correct application of selected course principles.

Case write-ups are due the day of the case (see schedule), and Analysis Exercises are due the session after they are assigned. Both are due at the start of class, with points off for lateness.

**C. Team Service Process Audit report.** Your team is to conduct a Service Process Audit of an assigned/approved business, as outlined in Chapter 21 of the text. Your SPA report will describe an interactive business process and problem areas of possible improvement, but does not need to discuss any improvements. (Save those for your *Customer Relationship Futures* presentation.)

The report should be 2 to 4 pages of double-spaced text (12-point type with one-inch margins), and in addition should have an appropriate number of PCN Diagram or other exhibits (referenced in the text portion of the report). The report should answer these questions in narrative form:

1. What is the company and industry?
2. What is the studied process?
3. How was information gathered about the process? If possible you should briefly interview two employees and two customers. If that is not possible, explain. It is best to interview employees first, since customers may have difficulty listing the steps of the process (Part 1) and may need to be prompted.
4. What are depictions of the process? (refer to PCN Diagram exhibits as appropriate) How do depictions differ? Why do you suppose they differ?
5. What is the value proposition of the current process? (refer to PCN Diagram exhibit)
6. What are possible problems with the current process? (refer to PCN Diagram exhibit)

The report should also have a cover page that lists the title, the company, the team members, and the date. The report will be evaluated based on:

- clarity and writing quality (including good spelling, grammar, and readability),
- information quality (did you collect and describe information that appears to be accurate and useful), and
- organization and diagram quality (is the report organized and are diagrams organized and easy to read).

**D. Team Customer Relationship Futures presentation.** This is a persuasive presentation with the primary purpose of convincing us that you could improve the target business process in significant ways by applying course principles. Your goal is to design the future of customer

relationships in your assigned business process, and convince us that it is a better future. Your presentation might cover:

1. What is the current business and process? (possibly a summary of your SPA report)
2. What entities are involved in the current process?
3. What are customer and provider roles in the current process?
4. What are potential weaknesses of the current process configuration?
5. What is your proposal for the future process?
6. What entities are involved in the future process?
7. What are customer and provider roles in the future process?
8. Why is the future process superior to the current process?
9. What possible weaknesses are there in the future process?

The presentation must be TED-ucational, meaning that it educates the audience in a compelling way. As such, it should “foster learning, inspiration and wonder.” (See ted.com for examples.) Presentations are limited to 18 minutes, plus or minus 2 minutes without grade penalty.

Unless approved by the instructor in advance, Futures presentations should be about the same business and process as your SPA report. The presentations will be graded according to the criteria outlined in Appendix A. At the start of class on the assigned day, the team is to give the instructor printouts of miniature presentation slides **with visible slide numbers**.

These presentations need to be well-written, well-rehearsed, and convincingly delivered. The skill of delivering convincing presentations is one of the most valuable things you will take away from the MBA program. To assist in this I will give a free preview of your presentation one to two weeks before the scheduled presentation day and will tell things that may be keeping it from earning an “A” grade. Experience has shown that it is unlikely your team will get a good grade without a preview. Instructions for preparing for a preview are on the course website.

It is good, but not essential, that all team members participate in delivering the presentation. Certainly every team member **MUST** participate in preparing the presentation. After the presentation, the entire team will stand at the front of the class and answer questions from the class (not counted in presentation time), with questions particularly being targeted at any who did not participate in delivering the presentation.

These presentations will usually be video recorded and posted online for the benefit of future students. If there is a problem with posting the video online, such as confidential information, please discuss this with me at least one week before the presentation date. Otherwise, I will assume that the team and the client grant permission to post the video.

**E. Midterm exam and final exam.** The two exams will be individual effort, and will require demonstrating application of course principles and techniques to cases that I will provide. The midterm exam will be the last part of class on session 6, and will cover material from chapters 1 through 5. The final exam will be during the regularly scheduled final exam time and will cover material from throughout the course. The final exam will be similar to the midterm exam, but much longer and comprehensive. Individual students not wanting to take the final exam can, with instructor approval, write a detailed case study—see the instructor if you want information and requirements for that option.

## Citizenship

Please don't eat in class, unless you bring some for everyone. Please do not talk or text on your cell phone in class, unless you let everyone talk or text. This course complies with Marriott School classroom policies that are at: <http://marriottschool.byu.edu/students/classroompolicies>  
Highlights include:

- Do not cheat and do not allow others to cheat. We must preserve the integrity of BYU.
- If you encounter unlawful sexual harassment or discrimination, please talk to me or contact the campus harassment hotline (367-5689) or the Honor Code Office (422-2847).
- "Each Professor will establish the times when using laptops in class to take notes or work on class projects is allowed.... professionalism." Ask me if you have questions about this.

See the instructor if you have any concerns about classroom policies or class activities.

Finally, do your best – we owe it to the Lord and to the tithe payers who fund BYU operations.

## Semester Schedule and Readings

*Any necessary changes will be announced in class and posted on the course website.*

<b>Tues day</b>	<b>#</b>	<b>Case Preparation and Team Presentations</b>	<b>Class Discussion and Analysis Exercise</b>
Jan-7	1	study Making a Living, Making a Life (see link and study questions below)	Ch. 1: The Importance of Service Design
Jan-14	2	prepare Rapid Rewards at Southwest Airlines (see questions in Appendix B)	Ch. 2: Understanding Services
Jan-21	3	prepare Shouldice Hospital Ltd. (ditto)	Ch. 3: Creating PCN Diagrams. Ch. 21: Conducting a Service Process Audit.
Jan-28	4	prepare USAA: Business Process Review	Ch. 4: Identifying the Value Proposition
Feb-4	5	prepare Malawi's Pizza Catering	Ch. 5: Strategic Process Positioning
Feb-11	6	case TBA	Ch. 6: Managing Across the Regions. Mid-term on Chapters 1-5.
Feb-18	<i>no class (Monday classes on Tuesday)</i>		
Feb-25	7	Service Process Audit report due	Ch. 7: Process Control and Job Design
Mar-4	8	prepare Merchant's Tire & Auto	Ch. 10: Performance Measurement and Customer Feedback
Mar-11	9	Teams 1&2 presentations	Ch. 9: Assuring Interactive Quality
Mar-18	10	Teams 3&4 presentations	Ch. 8: Managing the Customer Roles
Mar-25	11	prepare Benihana of Tokyo	Ch. 11: Improvement through Lean Services
Apr-1	12	Teams 5&6 presentations	Ch. 12: Servitization and Deservitization
Apr-8	13	Teams 7&8 presentations	Ch. 13: Systematic Service Innovation
Apr-15	14	Teams 9&10 presentations	Ch. 14: Building a Service Value Network
Final Exam will be Friday, April 18, 2014 from 3:00-6:00pm, unless announced otherwise.			

## Appendix A: Presentation Evaluation Criteria

I consider the following factors in evaluating the team presentations:

- (1) Insightfulness: Did the presentation provide value-adding insights about how to apply important concepts from the course? (i.e., provide more than just regurgitation)
- (2) Presentation quality: Was the presentation interesting, clearly organized, and well-rehearsed?
- (3) Information quality: Were the information and answers clear and accurate?
- (4) Creativity: Were the ideas beyond what may be reasonably considered to be obvious?
- (5) Practicality: Was it demonstrated that the ideas could be practically implemented?
- (6) Convincingness: Did the presentation convince me that the ideas coming from the analysis could actually make a positive and significant difference in that chosen business?

Here is a rubric (including two hypothetical response dimensions)...

Dimension	A	A-	B+	B or lower
Insightfulness	Application of reading concepts is compelling, insightful, and impactful.	Application of reading concepts is solid and somewhat insightful.	Application of reading concepts is okay, but not particularly insightful.	Application of reading concepts is confusing.
Presentation quality	Presentation is very interesting, clearly organized, and obviously well-rehearsed.	Presentation is sufficiently interesting, moderately organized, and/or possibly rehearsed.	Presentation is marginally interesting, less than organized, and/or probably not rehearsed.	Presentation is uninteresting, unorganized and/or unrehearsed.
Information quality	Information presented is clear as glass, accurate, and to the point.	Information presented is quite understandable and mostly accurate	Information presented is marginally understandable and somewhat accurate.	Information presented is clear as mud and/or inaccurate.
Creativity	Demonstrates ideas that are well beyond the obvious.	Demonstrates ideas that are not obvious.	Demonstrates the obvious (“create a website/phone app” often is “obvious”)	Missed better ideas that were relatively obvious.
Practicality	Clearly thought through possible implementation issues.	Ideas could be reasonably implemented.	Good practicality but with some possible concerns.	Whether ideas could be implemented is debatable.
Convincingness	Powerful ideas that are logically compelling.	Interesting ideas that seem likely to make a difference.	Ideas that have a reasonable chance of making a difference.	Questionable whether the ideas would make a difference.
Instructor’s emotional response	“Wow, that presentation rocks!”	“Well, that was quite interesting!”	“That was okay, but could have been better.”	“Hmmm. Bring in the oxygen.”
Typical student response	“That presentation was brilliant. I am enlightened!”	“Okay, that makes sense and clarifies things. Thanks!”	“That pretty much just confirmed what I got from reading.”	“I think I know less as a result of the presentation.”

I do not post presentation grades, but interested team members can see me after the presentation.

## Appendix B: Study Questions

Read individually, prepare as a team.

Article: “Making a Living, Making a Life” by Elder Lynn G. Robbins, December 2013 Ensign and Liahona. Online at <http://www.lds.org/ensign/2013/12/making-a-living-making-a-life>

1. What aspects of this article are consistent with your prior understanding of business?
2. What aspects of the article contradict common business practice?
3. How might you reconcile the differences?

### Case: Rapid Rewards at Southwest Airlines

1. What are primary differences between Southwest’s operations and that of traditional airlines?
2. Why do you suppose most airlines have struggled to be profitable since deregulation (1978)?
3. What are Southwest’s sources of competitive advantage described in the case?
4. Should Southwest save low-numbered boarding cards for its frequent fliers? Why or why not?
5. Should Southwest allow its most frequent fliers that have missed their flight to take the next available flight with an empty seat or should these customers have to wait for the next available flight with an empty seat within the same fare class? What drives your decision?

### Case: Shouldice Hospital Limited (Abridged)

1. How does the Shouldice patient experience differ from hernia surgery at a typical hospital? (You do not need to have surgery in order to answer this question. Just use your common sense.)
2. What elements of Shouldice’s service process design account for the success of the hospital?
3. How does the Shouldice Hospital physical facility and layout support the service concept?
4. Could Shouldice be a model for other service firms? What would be the characteristics of candidate services?

### Case: USAA: Business Process Review

1. Prepare a PCN Diagram of USAA’s current auto claims process and describe the value proposition from the customers’ perspective and the company’s perspective.
2. How does the current process accommodate customer variation?

### Case: Malawi’s Pizza Catering

1. Prepare a PCN Diagram of the Malawi’s restaurant process (from “customer needs pizza” to “customer departs restaurant”). What elements of the process contribute to the value proposition?
2. Prepare (or get from the instructor) a PCN Diagram of the Malawi’s Pizza Catering process. What elements of the process contribute to the value proposition? What elements detract from the value proposition?
3. How might the Malawi’s Pizza Catering process be improved in terms of value and scalability? (Be sure and identify the customer segment.)

### Case: Benihana of Tokyo

1. Create a PCN Diagram of the Benihana experience. How does it differ from a typical restaurant?
2. What elements of the Benihana process contribute to the value proposition? What elements detract from the value proposition?
3. Where does inefficiency occur in the process? How might the process become more efficient?

### Case: Merchant’s Tire & Auto

1. What do you make of Bowman’s four observations on page 18 and 19 of the case? What does the case data tell you?
2. Address the six questions listed at the end of the case (page 20).
3. What is a logical next step for the CSI program?