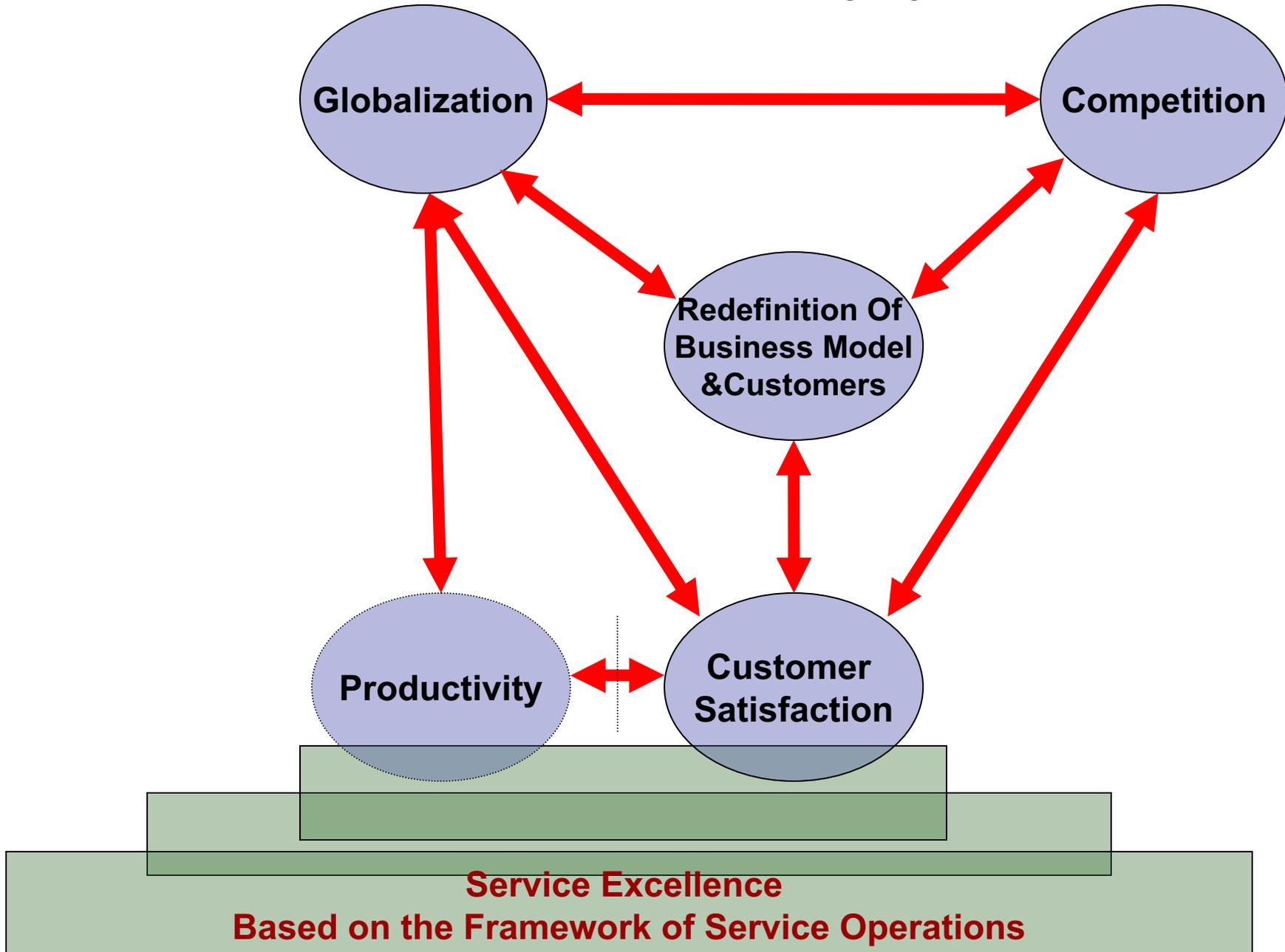

15.778 Summer 2004
Management of Supply Networks for Products and Services:
Concepts, Design, and Delivery

Management of Supply Networks for
Products and Services:
Course Review



Services as a Foundation for Emerging Value Networks



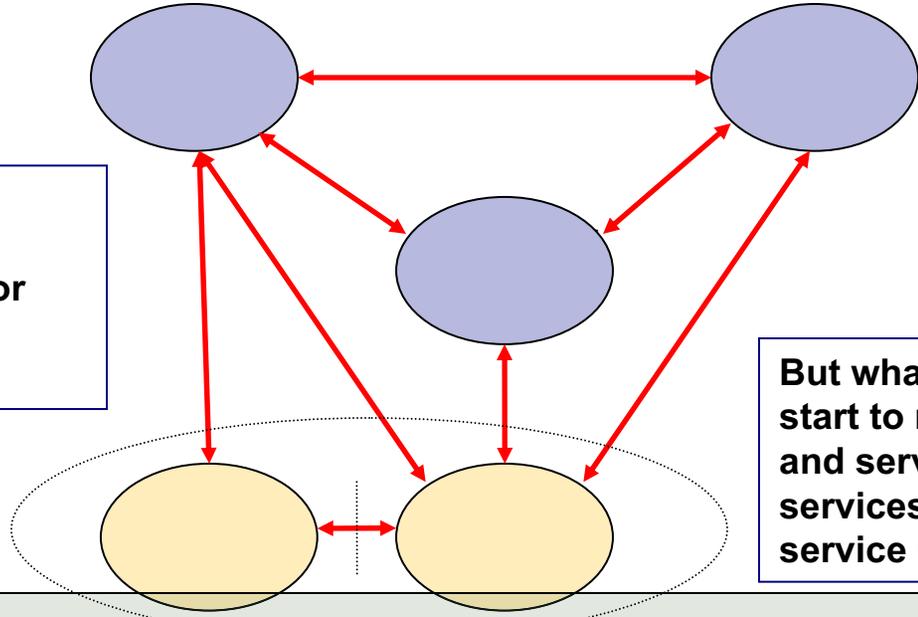
Competition and Differentiation based on services

(Strategy)



Characteristics of Services

Understand drivers for productivity and customer satisfaction (quality) well for traditional supply chain settings....



But what happens when we start to measure productivity and service quality for services? Need to understand service characteristics.....

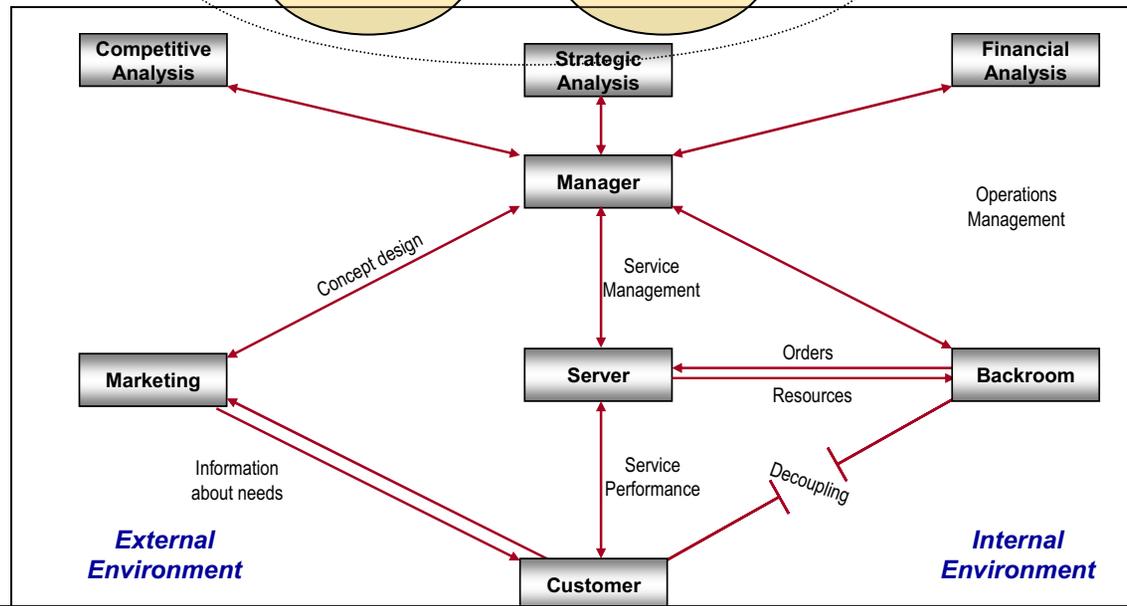
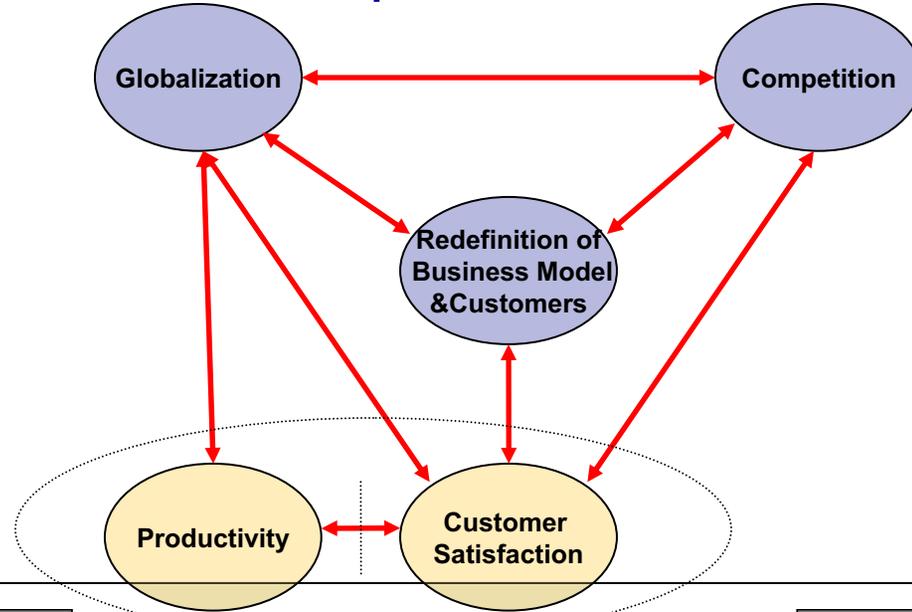
ATTRIBUTES OF SERVICES

- **Intangibility** - explicit and implicit intangibles
- **Perishability** - an hour of non-production is an hour lost
- **Heterogeneity** - inherent variability of service
- **Simultaneity** - services are simultaneously produced and consumed
- Based on Consumer Perception
- Value Added Concept
- Main Services Versus Facilitating Services

Service Excellence

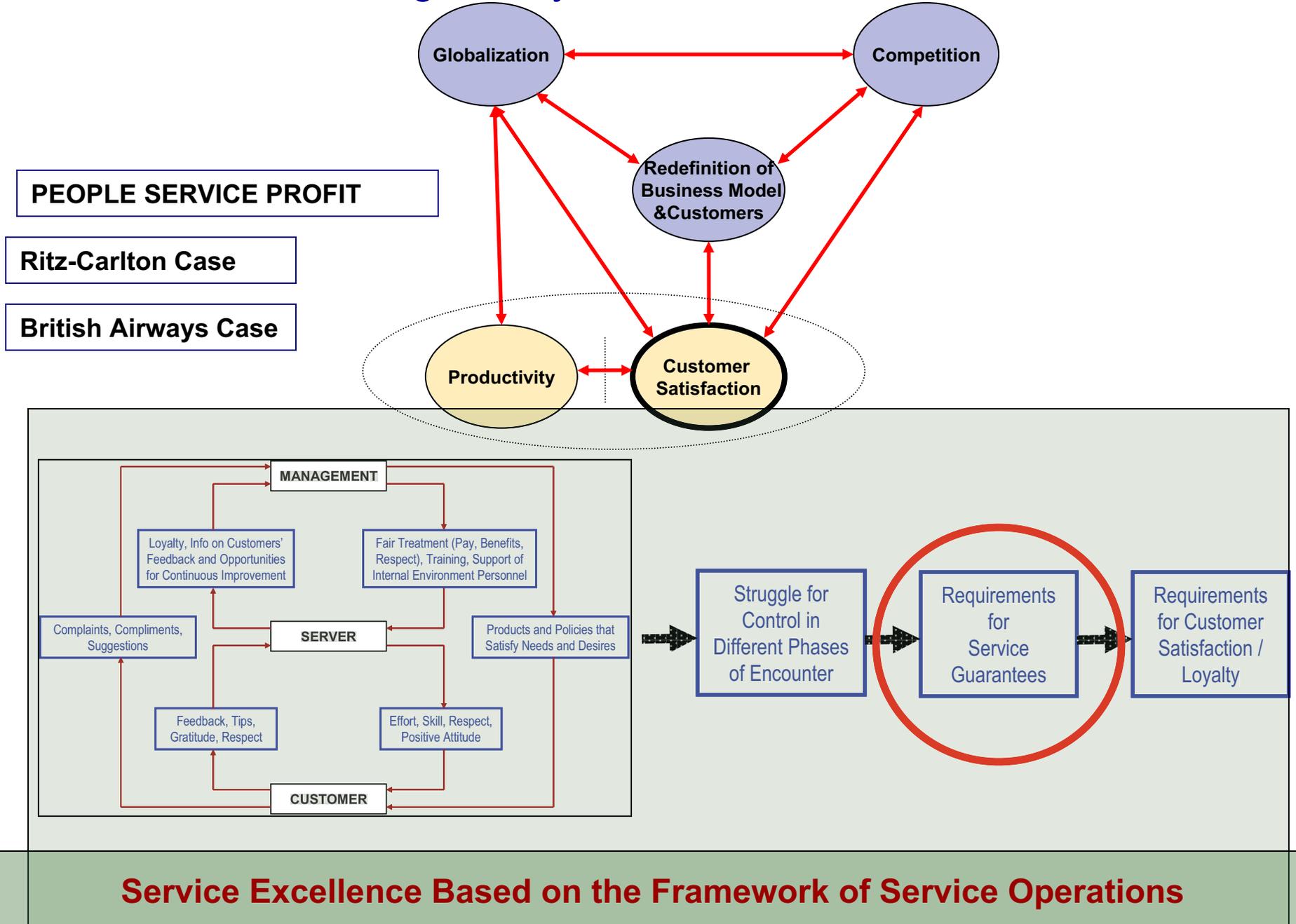
Based on the Framework of Service Operations

A Basic Service Operations Framework



Service Excellence
Based on the Framework of Service Operations

Understanding the dynamics of customer satisfaction

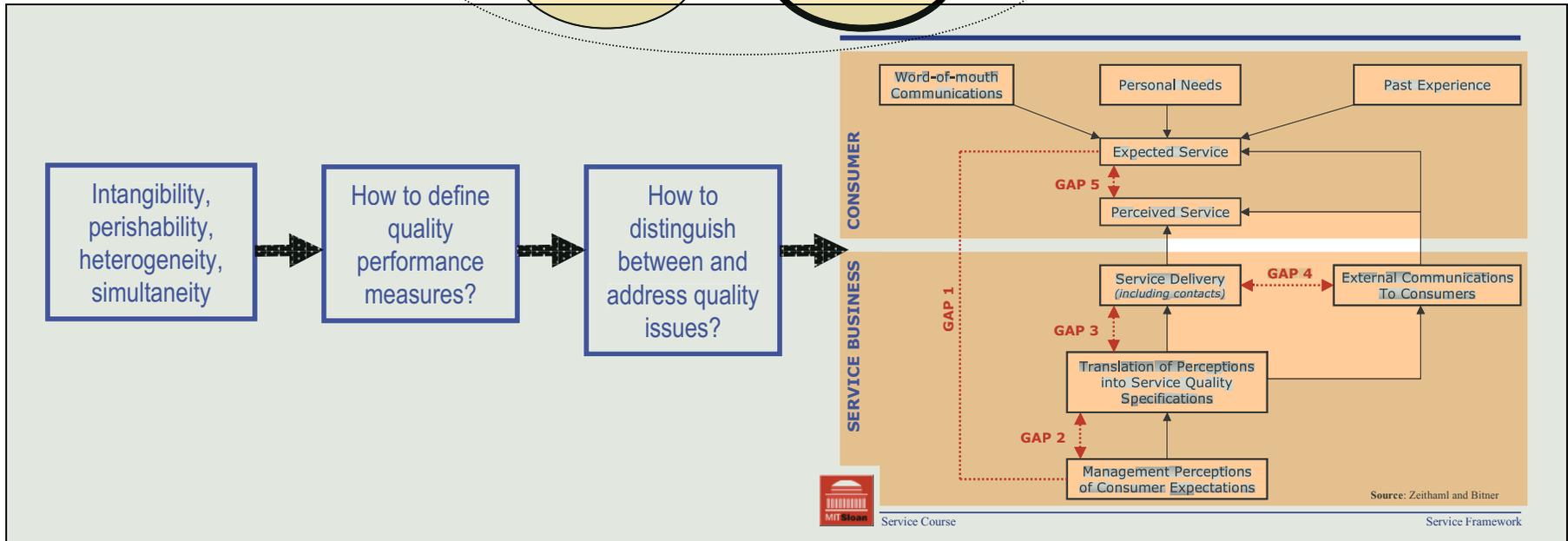
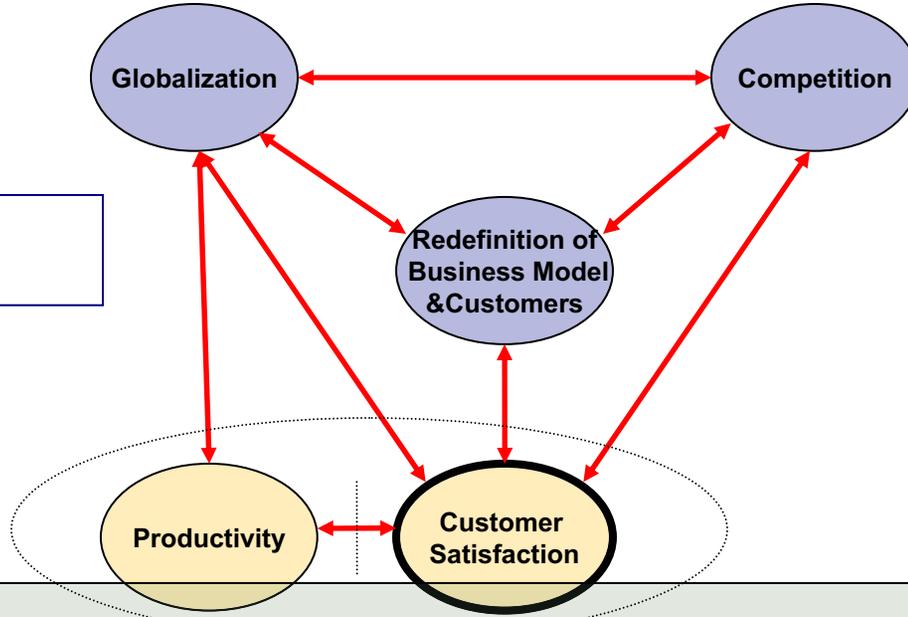


Defining measures for customer satisfaction

GAP MODEL FOR SERVICE QUALITY

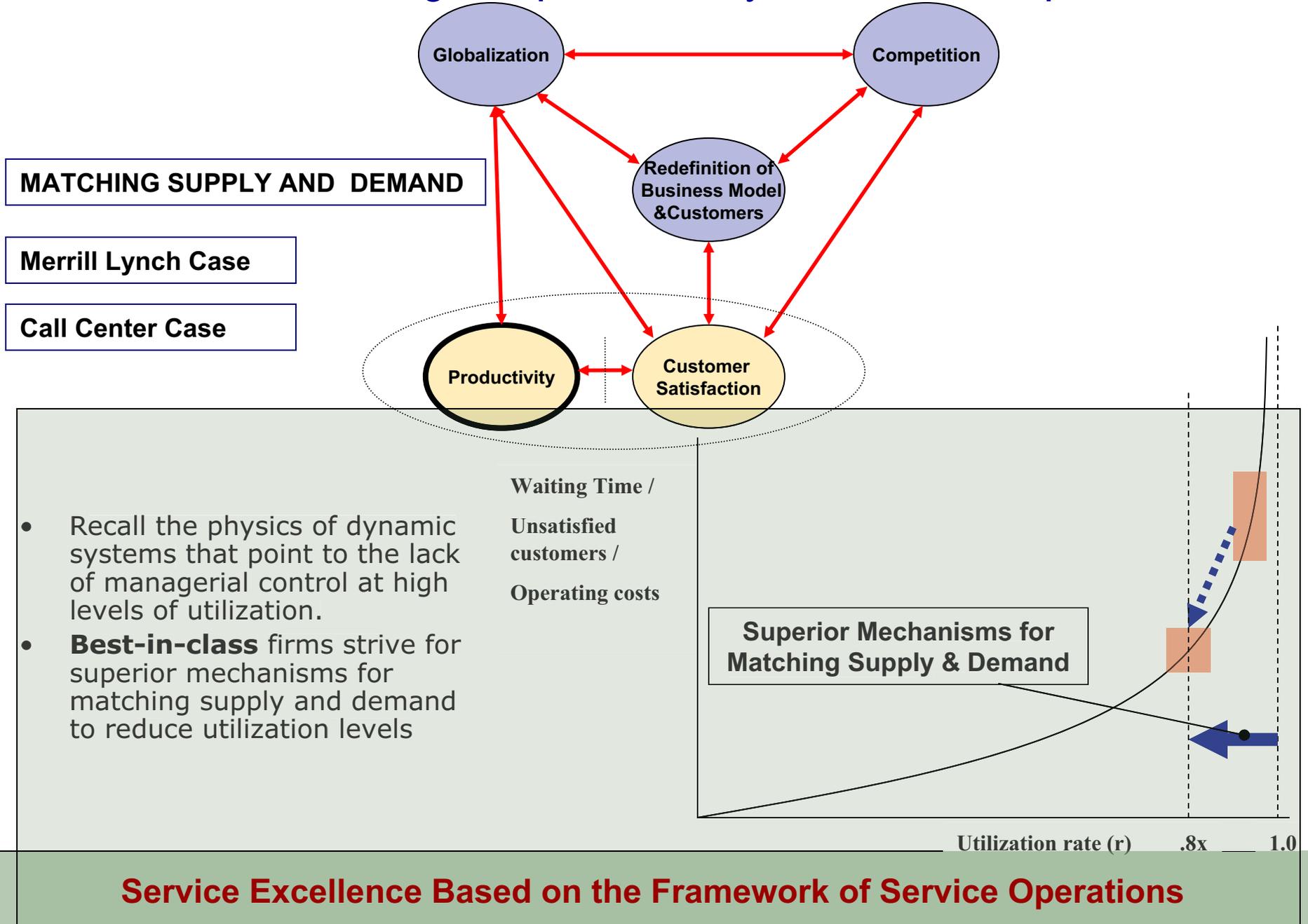
Ritz-Carlton Case

British Airways Case

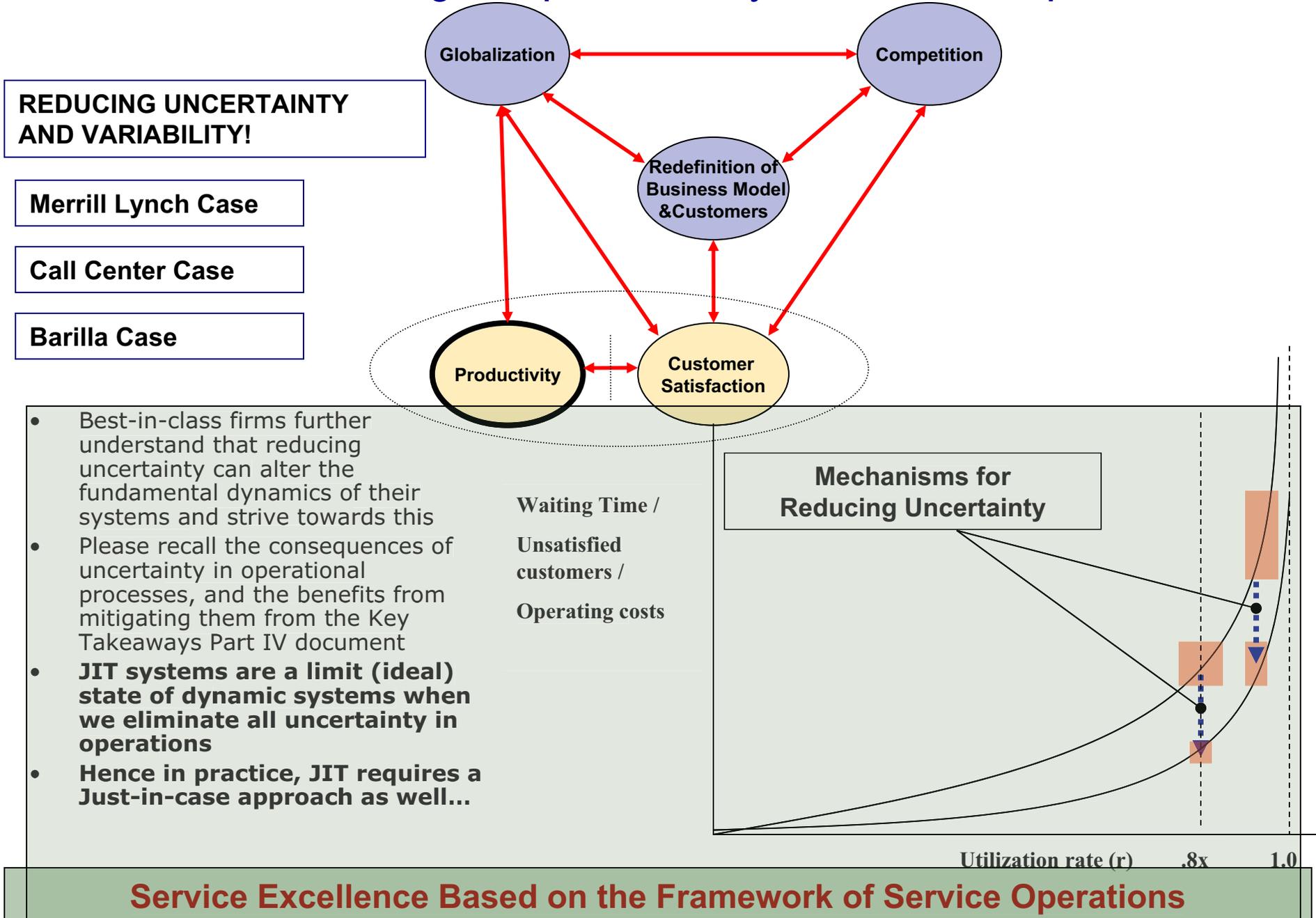


Service Excellence Based on the Framework of Service Operations

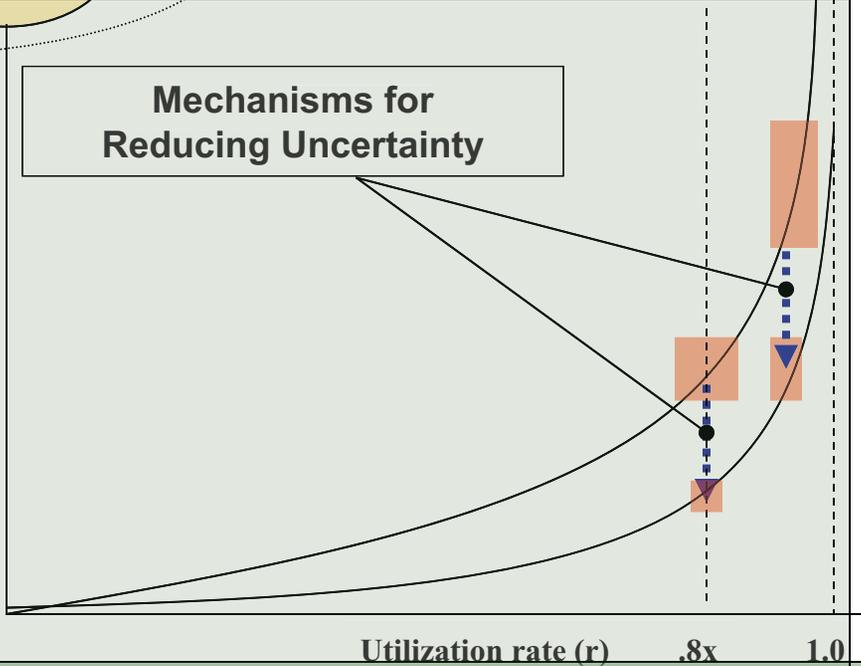
Understanding the productivity side of the equation



Understanding the productivity side of the equation

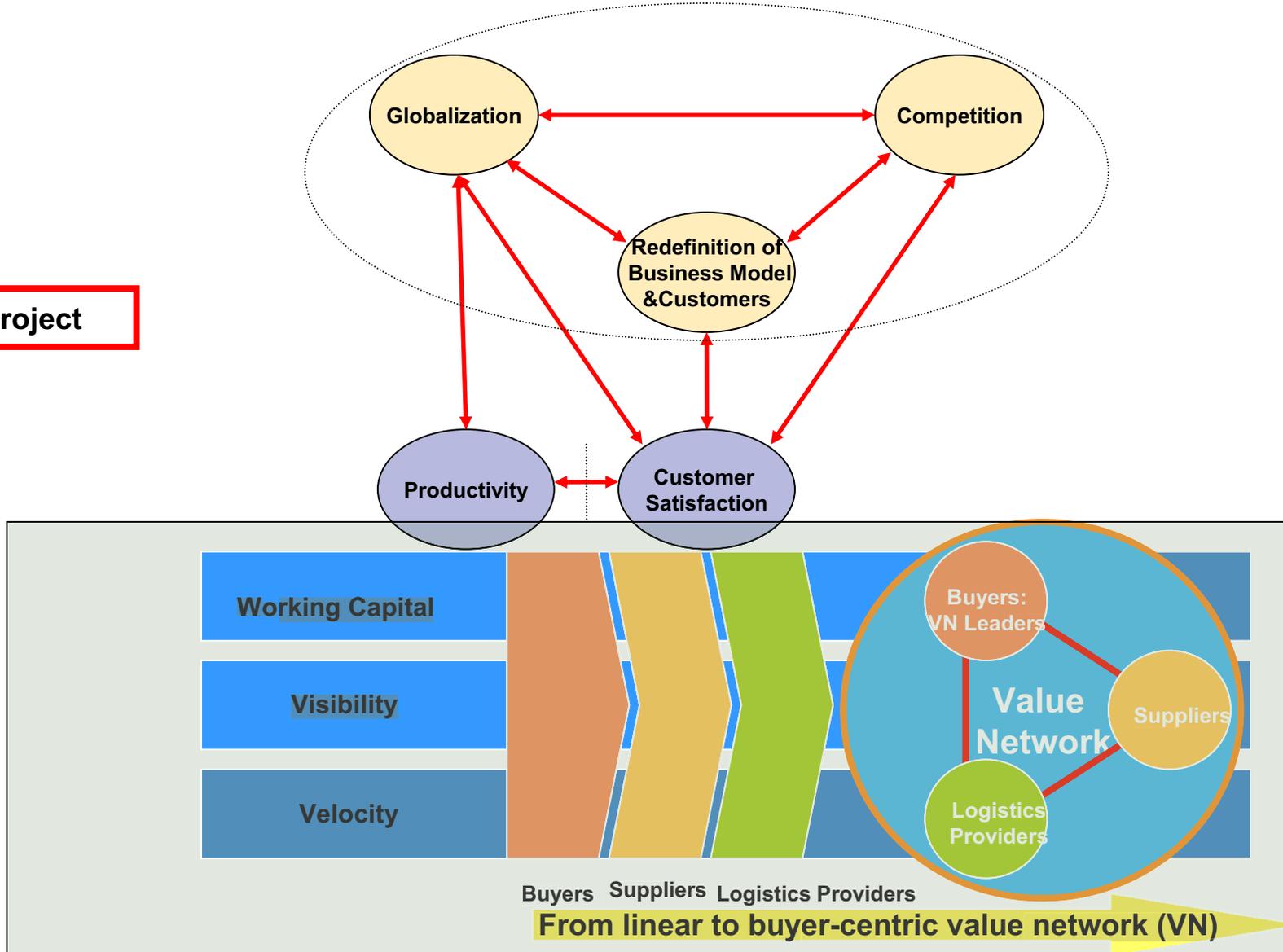


- Best-in-class firms further understand that reducing uncertainty can alter the fundamental dynamics of their systems and strive towards this
- Please recall the consequences of uncertainty in operational processes, and the benefits from mitigating them from the Key Takeaways Part IV document
- **JIT systems are a limit (ideal) state of dynamic systems when we eliminate all uncertainty in operations**
- **Hence in practice, JIT requires a Just-in-case approach as well...**



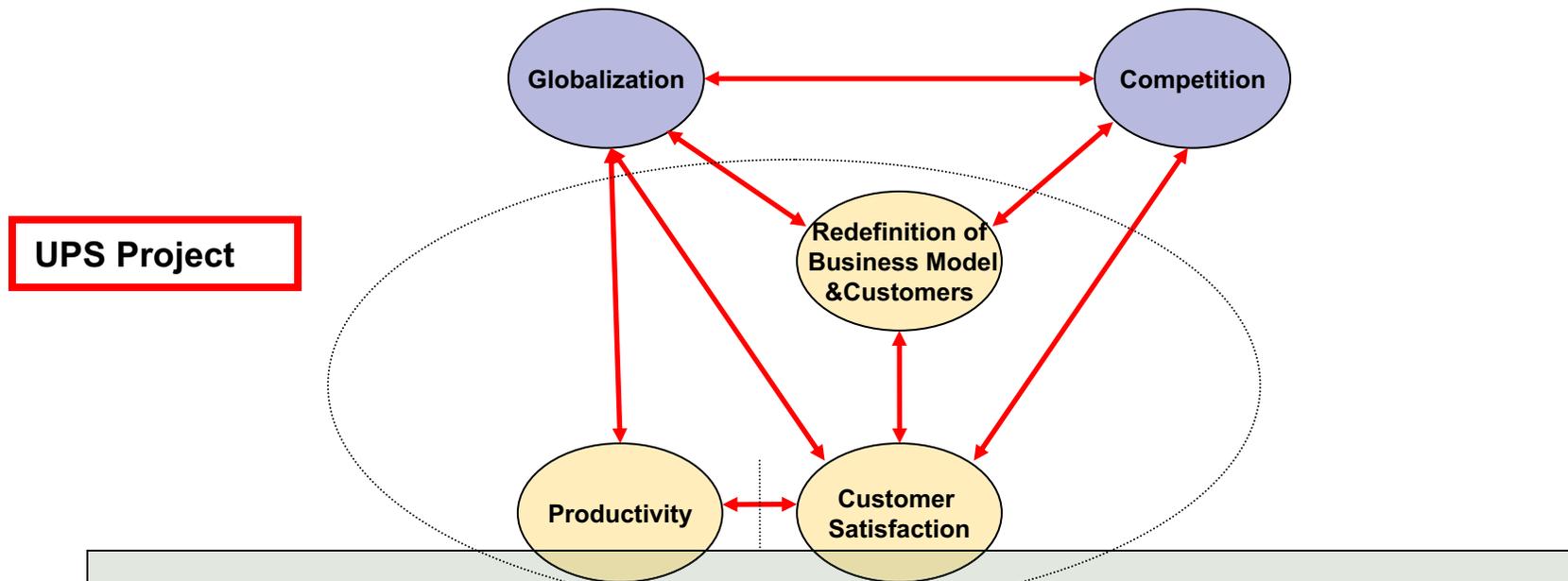
Focus on Value Networks and the Role of Information

UPS Project



Service Excellence Based on the Framework of Service (Oriented) Operations

Evolving and changing needs of customers



Needs	Opportunities
<ul style="list-style-type: none"> • Sell excess production capacity • Incidental sales force • Financing • Increased sourcing scope 	<div style="text-align: center;"> <pre> graph LR CS[CS] --> CM[CM] CM --> OEM[OEM] LP1[LP] --> CM LP2[LP] --> OEM </pre> </div> <p>CS: Component Supplier CM: Contract Manufacturers OEM: Original Equipment Manufacturer</p>

Service Excellence Based on the Framework of Service (Oriented) Operations

What we learnt from guest speakers

- Yossi Sheffi (MIT)
 - Emerging trends in supply chain technology
 - Technology supports services and business models, and not the other way around...
- Carmen Baez (Omnicom)
 - Managing autonomous service organizations
 - PSP Example
- Jim Walker (Merrill Lynch)
 - Managing change
 - Managing distributed services provided by independent agents
- Val Fiegenbaum (General Systems Co.)
 - Innovation in Management
- Charlie Fine (MIT)
 - Industry dynamics and evolution
 - Age of temporary advantage
- Adriana Pereira (CVRD Brazil)
 - IT as an enabler of productivity
 - Managing change
- Jake Barr (P&G)
 - Services play a critical role in P&G supply chain– P&G does not provide any service to customers, but recall that P&G sells \$0 out of \$51 Billion, directly to the customer...



A few things to remember...

- In services, our imagination and creativity are the limit to our success
- Please don't forget to **materialize** your services
- There are no mature businesses but **only mature ways of doing business**
- Supply chains that deliver superior service services efficiently can offer to their customers a differentiated and superior product. P&G is a prime example of such a supply chain...
- **Just-In-Time** cannot exist without **Just-In-Case**
- **People-Service-Profit**

