

**BUSMHR 7231**  
**Building Service Organizations**  
**FALL 2016**

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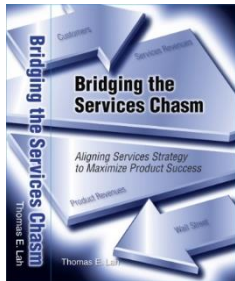
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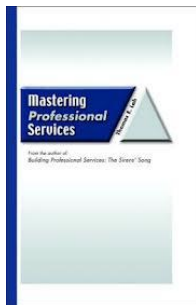
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**Professor will provide PDFs and slides so books do not need to be purchased.**

Books that will be leveraged in the class:



Thomas E. Lah, **Bridging the Services Chasm** (Sep 2009). Professional Services Press (BSC)



Thomas E. Lah, **Mastering Professional Services**, 2005



Wood, Hewlin, Lah, **B4B: How Technology and Big Data are Reinventing the Customer-Supplier Relationship**, 2013

Industry Blog: <http://thomalah.wordpress.com>

## Objectives

- (1) Become conversant about "best practices" and innovative ideas in the area of building service organizations.
- (2) Understand core techniques related to benchmarking the performance of any business
- (3) Be able to develop a viable strategy for growing a service business
- (4) Be a resource in your current/future job concerning the strategy, structure, and cultural issues facing service businesses within product companies.

Below is a list of topics we will cover during the half semester. Each topic has a case assignment your group may pick to complete for the case assignment portion of your grade.

Topic	Learning Objectives	Class Assignment
<b>Service Strategy Profiles: The Economic Engines of Product and Service Companies</b>	Understand how product and service gears fit together in the economic engines of product companies. Review industry data to understand common economic engines that have emerged in various industries (Enterprise IT, Health Care, Industrial Automation)	1. Identify a business that sells products. 2. Review the financial statements for that business. 3. Report out on the economic gearing of that business.
<b>Subscription Disruption</b>	Understand how the subscription economy is disrupting the business models of market incumbents.	1. Identify an industry that is being disrupted by new "subscription" offers. 2. Review the financial statements of these incumbents. 3. Report out on how well one of these incumbents is adjusting their business model. 4. Discuss what this incumbent could be doing better to successfully survive the market transition.
<b>Economic Moats Case Study</b>	Understand what creates a high margin, high profit business.	1. Identify a company that is generating high profits (Net operating income > 18%). 2. Rate how the company is doing on the five variables that help create an economic moat. 3. Discuss what you feel are the greatest threats to this company's current economic moat.
<b>Setting Service Strategy: Nine Key Variables</b>	Learn nine critical variables that must be set when creating a viable strategy for a human capital intensive services business.	1. Identify a services business you were part of. 2. Review how many of the nine variables were well defined for that services business.

<b>The Pattern of Failure</b>	Why do successful companies struggle to change when their legacy business models stop working? Learn some of the factors that make it so hard for companies to navigate disruptive industry changes. Learn what the warning signs are to evaluate if your company is struggling with a significant industry change. Learn key management tactics to help bridge industry disruptions.	1. Identify a company you believe is currently caught in the middle of an industry transition. 2. What organizational capabilities do you believe this company now needs to survive?
<b>Financial Model for a Services Business</b>	Understand the critical components of a service business model. Review industry data on the margins and operating profits achieved within various service businesses.	1. Identify a service business. 2. Review the financial statements for that business. 3. Report out on the financial business model for that service business. OR: 1. Identify a company that sells products and services. 2. Review the financial statements for that business. 3. Report out on the service strategy profile for that company.
<b>Positioning Services</b>	Learn how to use a "Positioning Workbook" to evaluate service positioning. Learn how to use a "Positioning Pentagon" when creating the positioning for a service offering.	1. Identify a service offering in the marketplace (any offering). 2. Identify what attributes are being used to position the service. 3. Complete a positioning workbook comparing two companies that are providing this service. 4. BONUS: What would a blue ocean attribute be for this offer and why?
<b>Pricing Services</b>	Understand common models for pricing service offerings. Understand strengths and weaknesses of different pricing models. Learn how to use a "Pricing Pentagon" when creating the price for a service offering.	1. Identify a service offering in the marketplace (any offering). 2. Determine what pricing model you believe is being applied. 3. Do you believe this is the best pricing model for this service? 4. What pricing quadrant is the best match for this service?
<b>Sourcing Services</b>	Understand core concepts related to the "talent supply chain" and resource management. Learn how the models for sourcing the delivery of services are changing. Review industry data on the impact of global sourcing models.	1. Identify a service offering in the marketplace (any offering). 2. Using the resource pool types discussed in class, identify the resource pools employed to deliver this offer. 3. Discuss how this offering could leverage other resourcing pools to improve either costs or the customer experience.
<b>Consumption Analytics</b>	How is the industrial internet changing the way companies design and deliver services? Learn why big data really is the future of services.	1. Identify a service you or your company currently consume. 2. Identify how analytics could improve the impact of that service.
<b>Outcome Engineering</b>	Learn frameworks and tactics to successfully engineer business outcomes for customers.	1 Find a company that is selling some type of business outcome to its customers. 2. Present on the outcome. 3. Analyze how the company prices that offer. 4. Discuss tactics the company is employing to assure that customer outcome.

Expectation is that the course will be able to cover eight to twelve of these topics. For each topic covered, there will be a case assignment. Students will need to select one case assignment they wish to complete for the case presentation.

### **Evaluation Criteria**

Case study	40%
Final Exam	40%
Participation	20%

### **Deadlines**

The final exam must be taken on the assigned date and the class assignments, including group evaluation, must be turned in on the assigned dates. No exceptions will be made to this rule unless there are highly unusual circumstances which prevent you from doing so. You must, however, clear this with your instructors before the due date. Your grade will be reduced a full letter grade for each day the assignment is late and not excused.

### **Exam**

The exam will cover both the reading material and your notes from class. Class attendance is essential as some of the material presented in class is not in your book. The exam questions will require short answers. They will cover very specific points from your readings and class. For example, you will be asked to identify, list, describe, compare and contrast, and apply various concepts. Your answers will be graded on the basis of accuracy, use of correct terms, and completeness. Portions of the answer that do not directly address the question that was raised will receive zero point

### **Appeals**

Questions, comments, or concerns about grades received must be put in writing to the instructors. The instructors will respond in writing. Should the issue not be resolved after this stage, then the student can set up an appointment with the instructor to discuss the issue. Appeals beyond this stage will be followed according to University guidelines.

## **SCHEDULE**

		<b>Reading</b>
<b>Date</b>	<b>Topic</b>	
Aug 25	<i>Defining “Services”</i>  <i>Service Strategy Profiles</i> <i>The Services Chasm</i>	Blog: The Services Spectrum ( <a href="http://thomaslah.wordpress.com/2008/08/28/defining-the-services-spectrum/">http://thomaslah.wordpress.com/2008/08/28/defining-the-services-spectrum/</a> )  PDFs: Bridging the Services Chasm (BSC), Chapters: 2, 3, 4, 5, 6, 7
Sep 1	<i>Economic Moats</i> <i>Setting Service Strategy</i>	Three Pillars PDF: The Three Pillars PDF: Building Economic Moats
Sep 8	<i>Pattern of Failure</i> <i>Organizational Capabilities</i> <i>Service Financial Models</i>	Pattern of Failure The Revenues Pillar
Sep 15	<i>Service Positioning</i> <i>Service Pricing</i>	Positioning Pentagon Pricing Pentagon
Sep 22	<i>Driving Customer Adoption</i> <i>Outcome Engineering</i>	Bleeding Edge Topics PDF: Primer on Outcome Engineering PDF: Adoption Framework
Sep 29	<b>Case assignments presented</b>	None
Oct 6	<b>Wrap up and EXAM</b>	

## Case Assignment Presentations

The case assignment presentations will be evaluated on the following criteria:

<u>Points</u>	<u>Criteria</u>
20	<u>Quality of the analysis</u>  Innovation, applicability, and sophistication of analysis
40	<u>Defense and Rationale</u>  The extent to which you provide well-developed arguments for the conclusions that you reach in the analysis.  The extent to which you correctly apply the concepts being presented in class to the associated current event.  Confidence in recommendations
40	<u>Clarity and <i>Crispness</i></u> The clarity of the concepts that are covered in the analysis.

Name \_\_\_\_\_

## GROUP PROJECT EVALUATION

**Instructions.** Write down the name of each person in your group including yourself. Then, rate each person by entering a score for each dimension of performance defined on this page and the next. Turn this page in to the instructor.

Name	Dimension					
	<u>I.</u>	<u>II.</u>	<u>III.</u>	<u>IV.</u>	<u>V.</u>	<u>VI.</u>
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—
_____	—	—	—	—	—	—

- I. **Task Orientation.** The extent to which the person coordinates individual efforts with group members' efforts in order to attain the goals of the group.
- 1 = Unsatisfactory. Usually exhibits uncooperative behavior.
  - 2 = Marginal. Minimal contribution to group discussion.
  - 3 = Competent. Organizes assignments to enable group to achieve average grade.
  - 4 = Good. Comes to meetings with prepared notes and schedules.
  - 5 = Excellent. Comes to meetings with prepared notes and schedules; coordinates group discussions.
- II. **Attendance.** The extent to which the person shows up for scheduled meetings unless otherwise excused.
- 1 = Unsatisfactory. Frequently misses meetings; rarely arrives on time or stays for entire meeting.
  - 2 = Marginal. Occasionally misses meetings without an excuse; frequently arrives late or leave early.
  - 3 = Competent. Attends the majority of meetings; meetings missed are excused absences; occasionally arrives late or leave early.
  - 4 = Good. Attends almost all meetings; meetings missed are excused absences; arrives to meetings on time and stays for the duration.
  - 5 = Excellent. Shows up for all scheduled meetings on time and stays for the duration of the meeting.

- III. **Preparation.** The extent to which the person completes assigned work in an efficient and punctual manner, and offers assistance in writing the paper.
- 1 = Unsatisfactory. Less than 50% of the time the person completes assignments, turns in assignments, or offers help in paper preparation.
  - 2 = Marginal. More than 50% of the time completes assignments in an efficient and punctual manner, and offers assistance in paper preparation.
  - 3 = Competent. Completes assignments in a reasonable period of time, and offers assistance in paper preparation.
  - 4 = Good. 100% of the time completes assignments in an efficient and punctual manner, and offers assistance in paper preparation.
  - 5 = Excellent. Does more than 100% of the assigned portion, works ahead, and completes assignments in an efficient and punctual manner.
- IV. **Person Orientation.** The extent to which the person maintains order in the group, keeps group focused on goals, maintains group morale, draws ideas out of members, cooperates with other members, brings in opposing ideas, and structures meeting times, dates, and deadlines.
- 1 = Unsatisfactory. Rarely contributes to the group process.
  - 2 = Marginal. Inconsistently contributes to the group process.
  - 3 = Competent. Consistently contributes to the group process.
  - 4 = Good. Consistently contributes to group process and provides new insights for the group process.
  - 5 = Excellent. Consistently contributes to group process, provides new insights, and stimulates others to contribute.
- V. **Participation.** The extent to which the person provides the group with the technical expertise needed to answer the questions posed in the case.
- 1 = Unsatisfactory. Rarely provides any insight on how to answer case questions.
  - 2 = Marginal. Sometimes provides some insight on how to answer case questions.
  - 3 = Competent. Usually has some insight on how to answer case questions.
  - 4 = Good. The group frequently draws upon the persons insights in order to answer case questions.
  - 5 = Excellent. The answers to the case from the group draw heavily upon the insights provided by the person.
- VI. **Overall Performance.** Your overall summary of the person's performance based upon their ratings from the previous five dimensions. Numerical values correspond to letter grades.
- 1 = Unsatisfactory. Corresponds to a letter grade of F.
  - 2 = Marginal. Corresponds to a letter grade of D.
  - 3 = Competent. Corresponds to a letter grade of C.
  - 4 = Good. Corresponds to a letter grade of B.
  - 5 = Excellent. Corresponds to a letter grade of A.