

University of Pennsylvania
The Wharton School

Fall 1995

MGMT 735/PPMT 781

Strategic Management in the Service Enterprise

B3-4, Mon - Wed, 10:30 - 12:00

Professor Faulhaber

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Office Hours: Mon and Wed, 12:00 - 1:30 PM, and by appointment

Required readings for the course are:

Service Management for Competitive Advantage James A. and Mona J. Fitzsimmons (FF), McGraw-Hill, 1994. ISBN 0-07-021217-1

Service Breakthroughs: Changing the Rules of the Game James L. Heskett, W. Earl Sasser, and Christopher W.L. Hart (HSH), Free Press, 1990. ISBN 0-02-914675-5

Reinventing Government David Osborne and Ted Gaebler (OG), Addison-Wesley, 1992. ISBN 0-201-52394-9

The Service Focus: Developing Winning Game Plans for Service Companies John C. Shaw. Dow Jones Irwin, 1989. ISBN 1-55623-239-X

These books are available in the bookstore (look in the Public Policy and Management section) and are on reserve in Lippincott. Since the Shaw book is only used for two classes (but includes five chapters), you may want to use the copy on reserve.

Bulkpack available from Wharton Reprographics.

In addition, you are also required to be fully conversant with *Competitive Strategy* Michael Porter, Free Press, 1980.

You may also be interested in the following; some of the bulkpack material is taken from these books:

Technology in Banking: Creating Value and Destroying Profits Thomas D. Steiner and Diogo B. Teixeira, Dow Jones Irwin, 1990.

Managing Services - Marketing, Operations, and Human Resources 2nd edition, Christopher H. Lovelock, Prentice-Hall, 1992.

Managing in the Service Economy, James L. Heskett, Harvard Business School Press, 1986.

Required assignments: many of the class assignments include one reading for which you are required to hand in a **one-page summary and analysis**. This reading is marked “**S&A**” in the syllabus. The format of this S&A is:

Your name: _____ Date & Class: _____

Name of Reading: _____

Topic/Problem Addressed by Reading: (2-3 sentences)

Summary of Conclusions and Results: (1 short paragraph)

Your analysis and critique of the Topic/Problem and the author's conclusions; focus on the lessons for management : (1 long paragraph).

Under no circumstances is this document to exceed one page, and late assignments are not accepted. If you are unable to make class on the date the assignment is due, you may have a friend hand it in, either in class or in my office, or you may fax it to me or send it via e-mail. Joint work is not acceptable. The purpose of this exercise is for you to demonstrate your competence in (i) the use of the concepts of the course; (ii) reasoned analysis and critique; (iii) application to management issues, all expressed in succinct business prose. Collectively, these “S&A” assignments count for 30% of your grade.

In addition, there are two other required assignments for this course:

(i) a **written analysis of “The Architects Collaborative, Inc.” case** to be handed in before class on November 14; your case write-up should be typewritten and no longer than five pages. This case counts for 20% of your final grade.

(ii) a **take-home final exam**, distributed at the last class, which you will have at least one week to complete. This exam counts for 30% of your final grade.

Failure to hand in any assignment on time, regardless of excuse, will result in an automatic failure for that assignment.

Class participation, including the group presentations and the simulation, counts for 20% of your final grade.

Cases for this class, all of which are in the bulkpack, are:

“Nordstrom,” HBS Case #9-579-218 and “Nordstrom: Dissension in the Ranks?”

(A) #9-191-002, (B) #9-192-027

“The Architects Collaborative, Inc.”; HBS Case #9-575-016

“A Failing Agency: Federal Trade Commission”; Kennedy Case #C14-76-099

“Federal Express: the Money-Bank Guarantee” (A) HBS #9-690-004 (The (B), (C), (D), and (E) cases will be distributed in class).

“Au Bon Pain: The Partner/Manager Program” HBS #9-687-063
“American Repertory Theatre-1988”, HBS #9-688-120
“Coopers & Lybrand in Hungary” (A), HBS #9-692-112 (Case (B) and (C) will be distributed in class)

I. The Service Economy

- Sept. 6 **Introduction: the Domestic Service Economy**
FF, Ch. 1
- Sept. 11 **Services vs. Products: Economic Differences/Similarities**
FF Ch. 2
“Wealth in Services,” bulkpack
“The Final Frontier, ” bulkpack
- Sept. 13 **Government and Not-for Profit**
OG, Introduction and Ch. 1

II. Service Strategy: the Basics

- Sept. 18 **The Mechanics**
HSH, Chs. 1
FF Ch. 3
- Sept. 20 **Strategic Service Vision**
HSH, Chs. 1, 2
Shaw, Chs. 1, 2, 3
“The Service-Driven Service Company,” bulkpack **S&A**
- Sept. 25 **Entry Barriers: Key to Competitive Strategy**
“Operating Strategy: Barriers to Entry,” bulkpack
“How Sustainable Is Your Competitive Advantage?” bulkpack

III. Getting and Keeping the Customer

- Sept. 27 **Customer Loyalty**
HSH, Ch. 3
- Oct. 2 **Satisfying the Customer**
HSH, Ch. 5,6

- Oct. 4 **Making It Work: What's Really Needed**
The Profitable Art of Service Recovery”, bulkpack Prepare “
Federal Express: the Money-Back Guarantee” (A)

IV. Service Is Provided by People

- Oct. 9 **The Service Encounter**
FF, Ch. 8
HSH, Ch. 11
- Oct. 11 **Human Resource Strategy: The Linchpin I**
Prepare “Au Bon Pain: The Partner/Manager Program” **S&A**
- Oct. 16 **Fall Break**
- Oct. 18 **Doing It Right When It Really Hurts: CONRAIL Goes Private**
Constance Abrams and Cynthia Archer, CONRAIL Inc.
- Oct. 23 **Human Resource Strategy: The Linchpin II**
Prepare “Nordstrom”
- Oct. 25 **Human Resource Strategy: The Risks**
Prepare “Nordstrom: Dissension in the Ranks?” (A) and (B)

V. Strategies for Success

- Oct. 30 **Strategic Success I**
FF, Chs. 3,5
HSH, Ch. 7,8
- Nov. 1 **Strategic Success II**
Shaw, Chs. 6,7
- Nov. 6 **Technology Strategy**
FF, Ch. 4
HSH, Ch. 10
“Rattling SABRE-New Ways to Compete on Information”, bulkpack
S&A
- Nov. 8 **Service and the New Technologies**
“Will the Information Highway be the Death of Retailing?” *Fortune*
1994
“The Accidental Superhighway,” *Economist* 1995
- Nov. 13 **Integrating I**
Prepare “The Architects Collaborative, Inc.” A WRITTEN ANALYSIS
OF THIS CASE MUST BE TURNED IN BEFORE CLASS.

Nov. 15 **Integrating II**
Jack Shaw, Office of the Chairman, Wellpoint Health Networks

Nov. 20 **Integrating III**
Prepare “Coopers & Lybrand in Hungary” (A) **S&A**

VI. Public and Not-for-Profit

Nov. 22 **The Challenge I**
OG, Chs. 2, 3, 5

Nov. 27 **The Challenge II**
OG, Chs. 6, 9, 10

Nov. 29 **Making It Work: Not-for-Profit I**
Prepare “American Repertory Theatre-1988” **S&A**

Dec. 4 **Making It Work: Not-for-Profit**
Roger Hall, former Director, the Philadelphia Orchestra

Dec. 6 **Making It Work: Government**
Prepare “A Failing Agency: Federal Trade Commission”
Class Simulation based on Case

Dec. 11 **Course Review** Take-home Final Exam distributed.

CONTENTS OF BULKPACK

1. Syllabus
2. Wealth in Services
3. The Final Frontier
4. The Service-Driven Company
5. Operating Strategy: Barriers to Entry
6. How Sustainable Is Your Competitive Advantage?
7. The Profitable Art of Service Recovery
8. Federal Express: The Money Back Guarantee (A)
Cases (B)-(E) to be handed out in class
9. Au Bon Pain: The Partner/Manager Program
10. Nordstrom
11. Nordstrom: Dissension in the Ranks? (A)
12. Nordstrom: Dissension in the Ranks? (B)
13. Rattling SABRE-New Ways to Compete on Information
14. "Will the Information Highway be the Death of Retailing?" *Fortune* 1994
15. "The Accidental Superhighway," *Economist* 1995
16. The Architects Collaborative
17. Coopers & Lybrand in Hungary (A)
Cases (B), (C) will be handed out in class
18. American Repertory Theatre-1988
19. A Failing Agency: The Federal Trade Commission