

## Designing Value-added Services: An Evolving Research Stream

by **Rohit Verma**, David Eccles School of Business,  
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Consumer Choice Modeling and Operations/Marketing interrelated issues. His research has appeared in the *Decision Sciences*, *Journal of Operations Management*, *Journal of Product Innovation Management*, *Journal of Service Research*, *Omega*, *Production and Operations Management* and other journals. Rohit received the Skinner Award For Early Career Research Accomplishments from the *Production and Operations Management Society* in April 2001. He is also one of the first recipients of the Sprit of Inquiry Award, the highest honor for scholarly activities within DePaul University.

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### Gerhard Plaschka

is an associate professor of management, entrepreneurship and strategy and executive director of the Management Development Center in the Charles H. Kellstadt Graduate School of Business at DePaul University.

He has written several books and articles on entrepreneurial change and growth strategies. Currently his research focuses on the interface of choice theory and the impediments to demand driven value growth management in technology oriented industries. He is a board member of the Innovationsagentur European HighTech Venture Capital Fund, as well as several other technology companies. Dr. Plaschka is also principal of the Alliance Group Management Consultants where he brings to his Fortune 1000 clients extensive international experience and expertise in product/service optimization and product/market positioning strategies.

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In an era of intense high-speed competition, offering a sustainable and profitable value proposition to the marketplace that effectively leverages a firm's available financial, human, and operational resources is of critical importance to both established and emerging businesses. Without a clear understanding of the customer needs/preferences and firm capabilities, often firms play "spray and pray" games with their product/service offerings in the hope that at least one will stick! To complicate things further, in emerging industries such as e-services, customer often do not understand what they want or need, consequently limiting the company's ability to engineer market-winning product-service solutions. In order to develop a sustainable competitive position in the marketplace, it is imperative that companies recognize the complexities of product-service choice drivers that mirror both evolving customer needs and competitive actions, and channel their strategies such that they can get the most "bang for their buck."

While companies develop their own strategies to effectively compete in the "new" new economy, this competitive environment offers many new opportunities to folks interested in studying services. For example, should an enterprise merely try to adapt to the e-services marketplace? Should it keep playing with the endless list of alternative service offerings? Or should it strive to shape the future of the business environment it operates in by offering innovative product-service bundles?

Thanks to the tireless efforts of Scott Sampson, Mark Davis, Jim Fitzsimmons, Mellie Pullman, Janelle Heineke, Larry Menor, Aleda Roth, Ann Maruchek, Rich Metters, Bob Johnston, John Goodale, Chris Voss, Bill Youngdahl, Larry Jacobs and countless other SOMA (Service Opera-

tions Management Association, a.k.a. Service Management Interest Group or SMIG—<http://soma.byu.edu>) volunteers over the last several years, *service design* has evolved to become a live, fruitful, active and a mainstream research topic. Also thanks to the leadership of the Decision Sciences Institute, INFORMS and POMS, many invited sessions on topics related to service design were organized during the national and international conferences of these professional societies in the past few years. Journal editors (*Decision Sciences*, *International Journal of Service Industry Management*, *Journal of Operations Management*, *Journal of Service Research*, *Manufacturing & Service Operations Management*, *Production and Operations Management*) have also been encouraging manuscripts on services and have sponsored several upcoming special issues.

Following the success of a series of panel discussion sessions organized during the 2000 DSI annual meeting Jack Meredith (editor, *Journal of Operations Management*) approved the development of an invited issue on "New Issues and Opportunities in Service Design Research." Over 20 participants from DSI 2000 "service design" panels from various universities joined forces and collectively developed five manuscripts which are currently undergoing review at *Journal of Operations Management*. Although many of the panelists are well-known members of DSI, the majority worked together on a paper for the first time. The invited issue is co-edited by Mark Davis, Jim Fitzsimmons, Janelle Heineke, and Rohit Verma. So far all the manuscripts have gone through the initial review process and currently the revised manuscripts are being reviewed. We expect the review process to be completed before the 2001 DSI meeting. Look for this forthcoming issue of *JOM*, which we hope will become a

collectors' item! Table 1 contains the list of recently accepted manuscripts.

Continuing the tradition of stimulating new research ideas related to services, DSI 2001 will offer a full two-day long Services Management Mini-Conference as part of the professional development program. The Services Management Mini-Conference promotes the exchange of knowledge and information about designing, managing, and

operating services. Consistent with the theme of 2001 DSI conference, the Services Mini-Conference will focus on "E-Services." Panel discussion sessions focusing on teaching innovation and emerging research issues related to E-Services are organized. To facilitate an up-to-date, lively, and fruitful dialogue among the participants, the panels include both practitioners and academics (see below).

We hope that you can join us during DSI 2001 Services Mini-Conference and other similar workshops being organized during other upcoming conferences. Please check the SOMA web-site (<http://soma.byu.edu>) or contact Scott Sampson ([scott\\_sampson@byu.edu](mailto:scott_sampson@byu.edu)) for additional details about SOMA activities.

Welcome to the age of Value-Added Services!

Manuscript Title	Authors
<i>The Service Concept: The Missing Link is in Service Design Research</i>	Susan Meyer, Robert Johnston, JoAnn Duffy, Jay Rao
<i>New Service Development: Areas for Exploitation and Exploration</i>	Larry Menor, Mohan Tatikonda, Scott Sampson
<i>Human Issues in Service Design</i>	Lori Cook, David Bowen, Richard Chase, Sriram Dasu, Doug Stewart, David Tansik
<i>E-Services: Operating Strategy, A Case Study and a Method for Analyzing Operational Benefits</i>	Ken Boyer, Roger Hallowell, Aleda Roth
<i>Research Opportunities in Service Process Design</i>	Art Hill, David Collier, Craig Froehle, John Goodale, Rich Metters, Rohit Verma

Table 1: Papers Accepted for JOM Invited Issues on Service Design.

## Service Management Mini-Conference Program

### Saturday, November 17

6:30 - 7:30 am, Saturday, November 17

#### Warm-up exercises

**Chair:** John Olson, DePaul University

Participants will spend about 30-45 minutes in the morning getting their body ready for the long day. Initially we will perform stretching exercises to warm up our muscles. The remainder of the time will be devoted to Tai Chi. Participants do not need any prior experience. This will give you plenty of energy to get you through the long day. Participants should dress in athletic clothes for this session. Participants will be provided a stretching guide if they attend the session.

8:00 - 9:00 am, Saturday, November 17

#### Keynote Session: The Age of Value-Added E-Services

**Chair:** Rohit Verma, University of Utah

#### Keynote Speakers:

Roland Rust, University of Maryland

Jordan Louviere, Director of Research & Development, Memetrics, Sydney, Australia.

Roland Rust holds the David Bruce Smith Chair in Marketing at the Robert H. Smith School of Business at the University of Maryland. He is the founder and chair of the AMA Frontiers in Services Conference, and serves as founding editor of the *Journal of Service Research*. Professor Rust also serves on the editorial review boards of the *Journal of Marketing Research*, *Journal of Marketing*, and *Marketing Science*. His six books include *Driving Customer Equity*, *Service Marketing*, and *Return on Quality*. His work has received extensive media coverage, including a *Business Week* cover story.

Jordan Louviere pioneered the design of experiments for modeling decision-making and choice behavior and is an internationally recognized expert in the field. Prior to joining Memetrics, Professor Louviere held the positions of Professor of Marketing and Economic Analysis in the Faculty of Business of the University of Alberta, Edmonton, and Professor and Chair, Department of Marketing, University of Sydney. In addition to his academic work Professor Louviere has

consulted to private and public sector organizations in Australia, Canada, Europe, New Zealand, Southeast Asia and the United States, including AT&T, Marriott Corporation, Telecom Australia, Mazda USA, Disney World and Texas.

9:00 - 10:30 am, Saturday, November 17

#### "e-" Stands for Ethics

**Chair:** Laura P. Hartman, DePaul University

#### Panelists:

Mark Goldstein, former CEO of Bluelight.com

Bill Blummer, VP, Excite@home

Mark Pincus: former CEO, Support.com; former CEO, Freeloader.com

How do we use ethics as a motivator and saviour of new economy business? Clearly, the new economy hasn't lived up to its hype on any front. Now we face this downturn, which has especially hit the consuming audience itself. How do we restore their faith, which has been rocked by perceptions of being burned by a bunch of fast-talking young hypsters? One might argue that we need to build a "halo" around the entire concept, from the types of

products and services, to the way they're marketed, to the way employees are treated.

Ethics can be the cornerstone of the reinvention, renewal, and even rehabilitation of the new economy. This has a chance of succeeding in a sustainable way as it makes business about more than just profits. The wounds of the 2001 economic downturn remain scalding and exposed. How do we take the lessons learned and help those individuals who continue to chase the golden fleece to do so while also finding out more about themselves?

Laura Hartman, an associate vice president for academic affairs at DePaul University, is also a professor of business ethics in the Management Department, and serves on the board of directors of DePaul's Institute for Business & Professional Ethics. As an ethics consultant, Hartman has worked with Fortune 500 firms to develop and create a corporate culture and to integrate that culture throughout their entire operations. She has been elected to serve as president of the Society for Business Ethics for the year 2001-2002.

10:45 am - 12:15 pm, Saturday, November 17

### Designing and Managing e-Customer Contact Centers

**Session Chair:** John Goodale, Ball State University

**Panelist:** Fred F. Easton, Director, Robert H. Brethen Operations Management Institute, School of Management, Syracuse University  
**Industry Panelist:** Vijay Mehrotra, CEO, Onward Inc.

At the center of a firm's customer service strategy is a customer contact center, which integrates various technologies for the purpose of delivering a value-added service process. Firms design and manage these operations because customers desire to interface with firms through a variety of channels, for example, by voice (telephone and Internet), chat, fax, e-mail, and Web page forms. When used together effectively, these technologies can offer an integrated delivery of the firm's service capacity. Interestingly, these service delivery technologies differ significantly in the types of resources required to operate and the managerial decisions that are processed. For example, telephone or chat is highly dependent on employee contact and staffing decisions, and effective processing of Web page forms is dependent on a well-designed Internet site and information system. The design and management of customer contact centers require technical knowledge and management of each delivery channel, but also requires a systems perspective that enables the manager to direct a coherent, value-added service

process. In this session, we bring together academics and practitioners in order to discuss the challenges and opportunities associated with designing and managing customer contact centers.

12:15 - 1 pm, Saturday, November 17

### Lunch Break

Rohit Verma will order pizzas for all participants (approx. \$10/person will be collected on-site).

1:00 - 2:30 pm, Saturday, November 17

### Value Growth Management in e-Service Ventures

**Chair:** Gerhard Plaschka, DePaul University

**Panelists:** Michael Gray, Partner and Co-founder, OCA Venture Partners

Douglas Turk, Infotree

Gary Byram, Chief Marketing Officer, Transora

In today's fast paced and shifting markets, identifying, developing, and implementing strategies for a company's growth is critical for long-term success. However, should an enterprise merely try to adapt to e-services marketplace? Should it keep playing with the alternatives? Or should it strive to shape the future of the business environment it operates in? It is also true that in emerging industries such as e-services, customers often do not understand what they want or need, consequently limiting the company's ability to engineer market-winning product-service solutions. In this session, you will hear how firms can innovatively assess customer preferences for new e-services and then leverage internal resources and capabilities in achieving maximum returns from targeted customers by focusing only on selected market drivers.

Gerhard Plaschka has extensive international experience and expertise in product/service optimization and product/market positioning strategies in technology-driven industries. He is currently the director of the Management Development Center at DePaul University's Kellstadt Graduate School of Business in Chicago.

2:45 - 4:15 pm, Saturday, November 17

### Designing and Conducting e-Surveys

**Chair:** Gilles Reinhardt, DePaul University

**Panelists:**

Dan Heiser, Assistant Professor of Operations Management, DePaul University

Dale Rose, 3D Group: Data Driven Decisions, Inc., Berkeley, CA

Douglas Yeo, Chief Methodologist, Statistics Canada, Ottawa, Canada

Zafar Iqbal, Assistant Professor of Marketing, DePaul University

On-line surveys are increasingly used in all levels of information gathering agencies. In this discussion, we will first focus on the design, implementation, collection, and dissemination activity of a limited scale survey. Second, we will discuss the advantages and limitations of on-line surveys in terms of coverage, convenience, and quality. Finally, we will provide the details of a major implementation towards on-line survey reporting in a public arena.

4:30 pm - 6:00 pm, Saturday, November 17

### e-Service in Industrial Markets: A Strategic Approach to Relationship Management

**Chair:** Nagaraj Sivasubramaniam, School of Management, Binghamton University

**Panelists:**

Saligrama Agnihotri, School of Management, Binghamton University

K. Thomas Chandy, School of Management, Binghamton University

Marla Tuchinsky, Cisco Systems, Inc.

The first decades of the 20th Century launched a process of increasing vertical integration. Ford's River Rouge plant, for instance, took in iron ore at one end and spewed finished automobiles at the other. In pharmaceuticals, firms such as Merck internalized the entire process of drug discovery, testing and manufacture. By contrast, the last decades of the century saw that process being reversed. Vertical integration is giving way to vertical specialization. "Outsourcing" and the "virtual firm" are ever-day buzzwords and firms such as Cisco, Dell, and Compaq boast of being "fab-less." One consequence of this trend is that a growing proportion of economic transactions are between businesses as against between business and consumer.

With the advent of the client/server framework in the early 1980's and the development and availability of Internet protocols for commerce in the 1990's, organizations have aggressively moved to leverage their investments in advanced information technology (IT) to extend their service arrangements over private and public networks to realize cost savings, improve revenue realizations, and increase customer retention and satisfaction. The term *e-service* has been used to refer to the delivery of a range

of services over the Internet. In the context of business-to-business markets for industrial goods, we define *e-service* as the range of technology-infused service capabilities that an organization creates to provide its partner firms access to tasks, assets, knowledge and skills to maximize the value of the embedded relationships.

The four papers comprising this panel attempt to provide a strategic approach to managing service relationships in industrial markets by explicating the role of technology, product types and knowledge management in developing the *e-services* framework. The first presentation introduces the DPEAT framework to examine the role of advanced IT in managing the relationships among the company, its employees and the customers. The second presentation discusses the impact of different product types—raw materials, components and end-use equipment—on service relationships and the application of DPEAT framework to industrial markets. The third presentation examines the importance of managing knowledge creation and utilization among vertical and horizontal partners in industrial markets and presents an e-services framework to leverage this potential. The fourth presentation discusses the *e-services* framework and how it is used to manage the service relationships at a large company manufacturing IT infrastructure.

8:00 - 10:00 am, Sunday, November 18

### Teaching Service Management and e-Service Concepts

**Chair:** James Fitzsimmons, University of Texas

**Panelists:** Gregory Heim, Department of Operations and Strategic Management, Boston College

Scott Sampson, Department of Management, Brigham Young University

Will Price, Eberhardt School of Business, University of the Pacific

Kenneth J. Klassen, Department of Management Science, California State University, Northridge

This panel will discuss various new issues and opportunities in teaching Service Management courses and on integration of e-services concepts in business management courses.

10:00 - 11:30 am, Sunday, November 18

### Managing Knowledge in E-Services: Challenges and Possibilities

**Moderator:** Monica Adya, Kellstadt Graduate School of Business, DePaul University

**Panelists:** H. M. Chung, Center for Information Systems Technologies, California State University, Long Beach

Charles Synder, Knowledge Harvesting, Inc.  
Monica Adya, DePaul University

This panel will put together some issues that relate to management of knowledge in an E-services environment. Some issues that will be addressed are: Is knowledge management a fad or a reality? Is it even possible to manage knowledge in a virtual environment? What are the challenges in managing knowledge in an E-services environment? What are the opportunities if such management is done effectively? Future directions in this area will be discussed.

1:00 - 2:30 pm, Sunday, November 18

### Boundaryless Enterprise

**Moderator:** Rohit Verma, David Eccles School of Business, University of Utah

**Panelists:** Basab Pradhan, Vice President, Marketing and Sales, Infosys Technologies

Karen Powell, Senior Vice President, Keane Consulting Group

Sandeep Bhargava, Senior Vice President, Keane Consulting Group

This session will explore the challenges and opportunities in managing service enterprises in the boundaryless world. The panelists will discuss key success factors and enablers and the pitfalls in managing e-services businesses in multi-national environment.

3:00 - 4:30 pm, Sunday, November 18

### e-Learning Services: Issues and Opportunities

**Chair:** Jill Kickul, DePaul University

**Panelist:** Rohit Verma, Department of Management, DePaul University

**Industry Participants:** To be announced

Higher education is going through a major paradigm shift because of cheap and easy access to information technology (Internet,

multimedia technology, fast desktop computing) and because of changing market needs and preferences. Therefore during the last few years an increasingly large number of universities, colleges and professional organizations have either initiated or have proposed to offer a wide variety of "new" educational services (e.g. distance learning via TV, internet courses, interactive CD-ROM based courses). At the same time, innovative institutions must also support educational service offerings with effective educational process design. The objective of this symposium is to discuss effective approaches to designing and developing high quality flexible educational service programs. ■

### Service Management Mini-Conference

**Coordinator:** Rohit Verma, University of Utah, rverma@condor.depaul.edu

### 2001 Instructional Innovation Award Competition Finalists Announced

Four submissions have been chosen in the Instructional Innovation Award Competition, co-sponsored by Alpha Iota Delta, the national honorary in the decision sciences, Prentice Hall, and the Decision Sciences Institute. The finalists will present their submissions in a special session on Sunday, November 18, from 10:00 a.m. until noon, in the Yerba Buena 1 Room. The finalists, in alphabetical order, and their papers are listed below.

*The Integrated Service Management Game*  
Jane Bozewicz and Kathleen McKone, Babson College

*PROXY: An In-House, Cross-Disciplinary Approach to Active Learning in Business Education*

Juli-Ann Gasper and Cynthia L. Corritore, Creighton University

*Facilitating Learning in Operations Management Mega-Class Using Integrated LEGO Projects*

Larry Satzler and Chwen Sheu, Kansas State University

*New Course: Intra/Entrepreneurship of Technology*

Ken Vickers and John Todd, University of Arkansas ■

Register on-line for the 2001 DSI Annual Meeting at  
<http://annual.meeting.decisionsciences.org/annual/>