

2. **Demonstrating** that the internal services such as IT & finance is as good 'value-for-money' as an **external alternative**
3. **Adapting the service to business needs** [internal service providers must demonstrate the ability to tailor their offerings to the changing business needs in a way that external providers cannot]
4. **Gaining acceptance from their internal customers** [centrally funded services are frequently viewed with suspicion by local operating units & may not receive co-operation that is needed to carry out their tasks effectively.

Challenges for Public Services - these services are provided by central or local government for the community - funding comes from business/individual taxation - Examples include Police

1. The provision of best-value services, public services are under continual scrutiny. As a result, aspects of service operations that might be taken for granted by their private sector colleagues must be **carefully justified** in these organizations
2. **Rationing supply of service** - public sector organizations cannot use the pricing mechanism to regulate demand. With essential services, this can be a sensitive issue. E.g. Health service must make policy decisions as to how much resource can be devoted to heart operations, maternity service and so on
3. Multiple stake-holders, public services suffer from having many 'customers', **individuals have little power + managers**, politicians and service managers themselves may have far more power to decide current priorities
4. **A confused service concept** - a service concept provides direction for the organization. Some public services are provided for the good of the society at large e.g. Prison, Police stations

Challenges for Not-for-Profit Services - charities of various types form the majority of these services [fund raising]

1. Managing a workforce 'motivated' volunteers **may not always follow the organizations procedures**
2. Managing the **allocation of resources to ensure that maximum funds flow** to the beneficiaries of the organization while developing effective processes and people may be a challenge
3. **Dealing with differences between the priorities** that might influence and impress donors, but might conflict with the requirements of their customers'
4. **Working in a highly emotional area**, sometimes being overwhelmed by demand for service

Triple Bottom Line

- **The operations management strategic objectives** are captured by the 'triple bottom line'.
- **Economic objectives** include the costs, profits and strategic advantages generated by specific actions.
- **Social objectives** involve the recognition that the firm has a duty to society beyond its immediate activities, for instance ensuring that suppliers treat the workers fairly.
- **Environmental objectives** include maximizing the long-term sustainability of the operation, for instance designing our supply chain to minimize our fuel usage.
- The triple bottom line represents an inherent **conflict of interest**, and decisions about what **tradeoffs** to make are a fundamental part of the operations management function. For example, social or environmental costs are imposed by an **economic decision**. For instance, the following economic activity potentially carries a number of hidden costs: sourcing cheaper garments in order to maintain profit margins and keep the earnings from shares as attractive as those of the competitor.
- Now, sourcing cheaper garments **carries the risk** that factory workers will be paying the price for this, in the form of low wages, long working hours, and poor working conditions.
- Also, sourcing cheaper garments may mean that the **quality is poorer and the price cheaper**, the garment is viewed as "disposable", and the overall rate of consumption is therefore increased.

Chapter 4 - Operations Strategy

Professional services

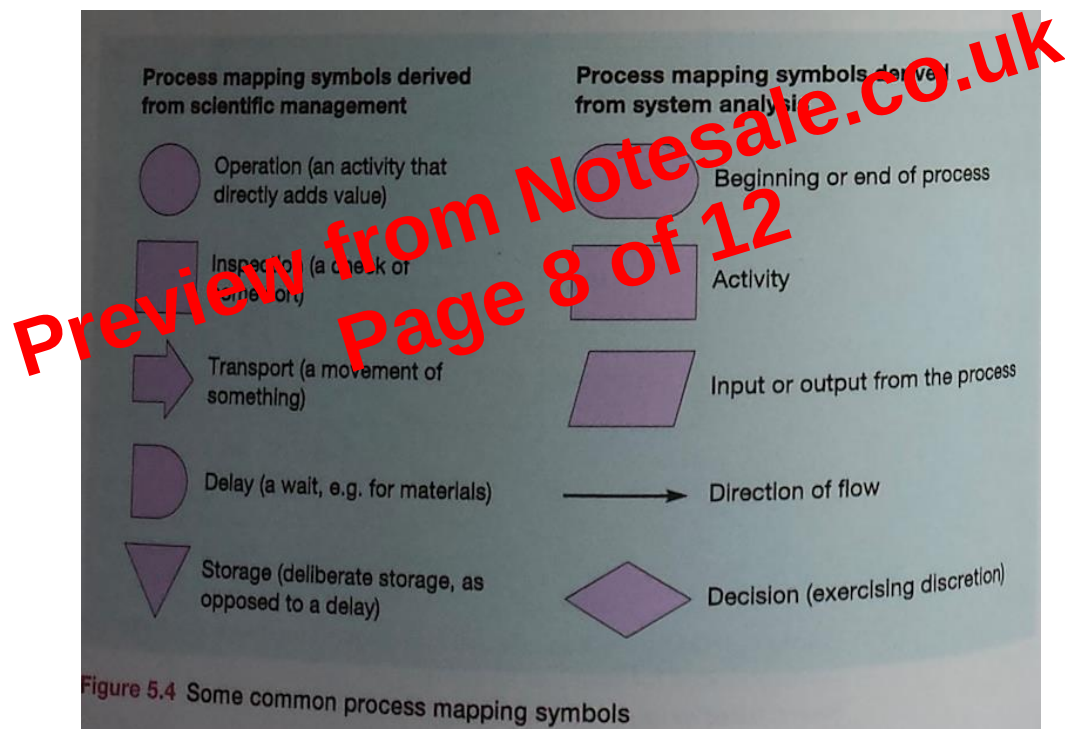
- High contact organizations where customers spend time in the service process
- Provide high levels of customization, highly adaptable to meet individual needs
- Tend to be people-based compared to equipment based with emphasis on the process (how service is delivered) compared to the product (what is delivered)
- Examples include - lawyers, architects

Service shops

- Characterized by levels of customer contact, customization, volumes of customers and staff discretion
- Service is provided by a mix of front & back office
- Examples include - banks, street shops

Mass Services

- Have many customer transactions, involving limited contact time and little customization
- May be equipment based and 'product'-oriented (most value added in the back office)
- Examples include - supermarket, an airport
- Common process mapping symbols;



Chapter 8 - Location, layout and flow

The type of layout depends on the process type. The 4 types of layout types are:

1. Fixed position layout

Unusually, in a fixed position layout the resources travel to the product or customer rather than the other way round. Several examples are mentioned in the text. An additional one is the production of movies. Most movies are shot in a studio and on location. In both cases resources center around a fixed position (the studio set or the location). This is because moving the actors, technicians, cameras etc. to the set or location is considerably easier than the other way round.