Jit in service sector

Technology, Innovation

This issue s covered by adopting an indirect approach. All the benefits which are obtained using KIT are listed and then their corresponding implementation In service sector Is discussed. It is observed that all the utilities of KIT like Reducing cost, Improving Quality, Improving Performance, Improving Delivery, Adding Flexibility and Increasing Innovativeness are implemented in service industry. This helps us to understand that basicphilosophyremains the same, only Implementation methodology Is changed.

IT is a philosophy of continuous improvement in which non-value-adding activities re identified and removed for the purposes of: Reducing cost Improving Quality Improving Performance Improving Delivery Adding Flexibility Increasing Innovativeness IT is not about automation. KIT eliminates waste by providing theenvironmentto perfect and simplify the processes. KIT is a collection of techniques used to improve operations. It can also be a new production system that is used to produce goods or services.

All the above utilities of Just in Time concept indicates that this concept is not sector specific concept. It can also be employed in service sector. Service Sector In order to define services, it is not enough to say simply that they are intangible acts as opposed to tangible goods. Most modern products are a combination of both. For example, when purchasing a washing machine the customer also receives services such as installation, maintenance and repair. When getting a haircut, the customer will likely also benefit from a number of hair care products and might even purchase some for home use.

Therefore services can be characterized with the following important features: Intangibility: services cannot generally be seen, tasted, felt, heard or smelled before they are bought. ? Inseparability: services are produced and consumed at the same time. Variability: the quality of the same service may vary depending on who provides it as well as when and how it is provided. Permissibility: services cannot be stored for later sales or use; lack of demand cannot be evened out by producing to an inventory.

Several of the features enumerated above do not apply to modern informationtechnology-based services. There, personal contact does not have any importance (e. G. , on-line learning in its purest form, on-line banking, etc.) and variability is greatly reduced t I not eliminated completely. Due to this heterogeneity in services it is difficult to classify them in a useful manner. Implementation of KIT in Service Sector The key principles of KIT in any system are: no wastage, total visibility, and flexibility in the use of human and material resources.

In any environment these principles translate into three simple rules: don't start any work unless the demand signal indicates a need for more material; if the demand signal indicates a need, work to fill that need; and, never exceed the queue-size limit . KIT is now fully integrated into service sector, although the use of the term KIT is rarely used. All the objectives aimed by employing KIT is achieved in service sector as seen below.

Reducing Cost In Service sector " return on investment" (ROI) has traditionally translated to " cut costs. Certainly, organizations today are under tremendous pressure from management and from customers to

deliver a higher level of service at lower cost, and to do so using existing resources. Any expenditure they do make to help them achieve this goal is expected to deliver a measurable, hard-dollar ROI, and deliver it quickly. Similar to manufacturing sector, cost can be reduced by adopting administration. Service sector can delivers standardization by applying the principles to the way people, business processes, and technology are organized.

All three have become so interlinked that change to one must be addressed in all three. Uses of Information technology in various service sector industries have led to standardization. Standardization can be adopted by using the industry standards, reusable components, and consistent implementation. Industry Standard Architecture Industry standards provide a consistent enterprise-wide approach for deploying IT at the lowest cost. Reducing the diversity of your IT environment drives down the costs of implementing change.

Industry standards enable different components in a heterogeneous environment to work together consistently. Today's standards will also help facilitate the integration of tomorrow's standards and solutions. Standards drive efficiencies and economies of scale, increase flexibility and provide greater choice. They lower the cost of computing compared to proprietary offerings and provide the foundation for innovations that enhance functionality and the user experience.

Standards also facilitate common training, best practices and the reuse f knowledge. Reusable component Reusable components break down silos of

IT into modular assets. This building blocks approach applies to system elements, application and infrastructure services and people. The rapid adoption of web services is the result of standard, industry- recognized IT components that address the need to reduce cost, implement new services quickly and efficiently, and scale rapidly.

Consistent Implementation Consistent implementation provides a standardized approach to the way work is organized, establishing a common framework for business and IT A consistent approach to implementation increases productivity and enables the rapid redeployment tot resources to meet changing business demand and reduces the time required to implement change, improves operational efficiency, and increases flexibility when deploying human resources or changing business processes.

Example McDonald's Corporation will migrate more than 4, 000 stores to run on CO'S Open Server Release 5 platform over the next two years. McDonald's implementation of Open Server will assist in relaying data from the stores' point-of-sale machines to McDonald's corporate headquarters, as well as provide access to corporate applications. Open Server also helps McDonald's reduce costs by allowing the use of less expensive hardware and enabling the networking and speed provided by newer hardware. Improving Quality According to Curran (1999), quality can be defined as fitness for use.

The term can also be understood as features of the product which meet customer needs and thereby provide customer satisfaction and as freedom from deficiencies - errors that require rework or result in field failures, customer dissatisfaction and claims etc. In order to improve quality in the

service sector it is important to realize that every recess generates information that can be used for its improvement. No organization should neglect the opportunity to take a close look at accumulated data as part of the operations.

With this data it is possible to discover hidden patterns in process deficiencies, form different hypothesis as to what might be the reasons for deficiencies, etc. In short, use the scientific method to increase profitability and competitiveness of the organization as a whole by improving processes and customer satisfaction. Statistical tools for improvement of service quality The basic statistical toolbox includes a set of seven tools. Among them are check sheets, the Parent chart, the cause-and-effect diagram, histograms, stratification, scatter plots and graphs (including the control chart).

They help people see how often things happen, when and where they happen and in what different forms they may present themselves to the observer. These tools are widely used in the service industry. Example The President of a relatively small mortgage-lending bank facing a serious competition of similar institutions had decided that in order to survive in the market , excellent service should be the banks trademark. They selected team conducted a preliminary statistical study of transaction data. Team members found out that the average time to complete a loan was 24 days.

A market analysis showed that a shorter time period to obtain a home loan would give the bank a significant advantage over the competitors. The banks President nominated a team to work on reducing the waiting time for the loans approval. After flowcharting the process on the basis of available

transaction data and observing the processing of new loans for 3 months, the team found out that enormous time savings could be achieved. A Parent chart indicated that an overwhelming part of the elapsed time was due to the documents traveling between various offices since they had to be read and approved by so many different people.

Further analysis showed that the steps in the process could be combined, and get done by one person. This could greatly reduce boot TN waiting time and the potential for errors. As a consequence, a set of standard operating procedures was prepared for the new process. After the system changes were implemented, a statistical study showed that the average time to obtain a home non was reduced to 4 days, providing this bank with a significant advantage over its competitors. Improving performance Performance in a service sector can be improved by using various approaches.

Any or all of the following approaches will improve organizational performance depending on if they are implemented comprehensively and remain focused on organizational results. Broad Overview of Various Approaches The following descriptions are general and brief. Balanced Scorecard: Focuses on four indicators, including customer perspective, internal-business processes, learning and growth and financial, to monitor progress award organization's strategicgoalsBenchmarking: Using standard measurements in a service or industry for comparison to other organizations in order to gain perspective on organizational performance.

For example, there are emerging standard benchmarks for universities, hospitals, etc. Business Process Reengineering: Aims to increase performance by radically re-designing the organization's structures and processes, including by starting over from the ground up. Cultural Change: Cultural change is a form of organizational transformation, that is, radical and fundamental form of change. Cultural change involves changing the basic values, norms, beliefs, etc. , among members of the organization.

Knowledge Management: Focuses on collection and management of critical knowledge in an organization to increase its capacity for achieving results. Its effectiveness toward reaching overall results for the organization depends on how well the enhanced, critical knowledge is applied in the organization. Learning Organization: Focuses on enhancing organizations systems (including people) to increase an organization's capacity for performance.

Management by Objectives (MOB): Aims to align goals and fortunate objectives throughout the organization Program Evaluation: Program evaluation is used for a wide variety of applications, e. . , to increase efficiencies of program processes and thereby cut costs, to assess if program goals were reached or not, to quality programs for accreditation, etc. Strategic Planning: Organization-wide process to identify strategic direction, including vision, mission, values and overall goals. Direction is pursued by implementing associated action plans, including multi- level goals, objectives, time lines and responsibilities. Strategic planning is, of course, form of planning. Improving Delivery The delivery in service sector is improved by the introduction of Internet and information technology.

It has bridged the gap between customer and service provider. Now it is possible to take orders on computer, maintain a database of clients on network and use it as and when required. Customer segments vary by need, size and service levels so it is difficult for one delivery channel to serve all segments efficiently. Providers can oaten increase snare tot wallet Witt under- penetrated customer segments by creating niche-focused delivery channels. A low venue segment, for example, can be assigned to a telephone channel at a lower cost while providing services designed to increase customer satisfaction.

The niche- focused channel can be developed so it replicates the sales and service functions that traditional face-to-face delivers to more profitable segments. Contact center representatives can identify and prioritize customer needs and then deliver solutions that have high value to the customer. The path to such solutions begins with an evaluation of current channel performance to diagnose opportunities. Compare current and desired future state metrics of each channel. Then restructure key components of the delivery system for each line of business and each customer cluster.

Look for solutions that guide customers into more efficient channels while actually improving service to the customer. Adding flexibility The only way companies can continue to empower employees and reduce the bureaucracy within their operation is to use flexible people--people who can do more than one task. Business needs workers who are ascertained in other skills and who also participate in such traditional managerial concerns as Job planning,

organizing, and controlling. Flexible people are also having an impact on the service industry. One example, reported by Fortune (Ulster 1989), is Lecher, Inc.

A store retail chain owned by Dayton Hudson. Experimenting with flexibility as a competitive tool, Lecher began by offering employees in its Sarasota, Florida facility raises based on the number of Jobs each learned to perform. Cashiers were encouraged to sell records and tapes. Sporting goods salespeople were taught to operate forklifts. What are the benefits to Lecher? Flexibility in the work force has helped the company adjust quickly to shifts in staffing needs because workers can be moved to where hey are needed. Pay incentives plus the chance for more varied and interesting work days are powerful recruiting incentives.

Perhaps that is one reason Lechery's Sarasota facility has a more stable work force--60 percent full time, rather than the 30 percent that exists in the rest of the chain. Increasing Innovativeness Innovation is clearly critical to the dynamism of the service sector, in particular as information andcommunicationtechnologies are applied to re-engineer business processes, to create and extend service offerings, and to realize entirely new business models Type tot Innovation, by sector [pick] Due to the heterogeneous nature of services, innovation can take very different shapes in different areas.

As shown in figure, in service sector innovation is primarily happening in terms of organizational changes. Companies are becoming horizontally integrated and Job enlargement is the key driver for the organizational

change. Today, it typically leads to a stronger focus on " core business", enhancing firms' capacity to excel in a narrower band of products. The increased tendency towards outsourcing is one element of this trend. Another one is the establishment of more mutinous and mutually beneficial relationships between firms.

Organizational change serves in part to improve co-operation both within and between organizations; it is often essential for reaping the gains of innovation as well as for promoting successful innovation. Hence it is observed that in service sector KIT is implemented in a different way, yet it lead to the same result. KIT is now fully integrated into service sector, although the use of the term KIT is rarely used. Examples of KIT implementation in service sector McDonald's, Domino's and federal Express, who compete on speed and still provide heir products and services at low cost and increasing variety.

Lens provider, cleaner and car-repair services can turn around customer orders in an hour. Supermarkets replenish their shelves according to what the customers withdraw. Retail stores can provide customers with more choice faster than ever before. Stores can now track customer buying habits in real-time and change their orders daily. Conclusion It is seen that elements of KIT can be applied to almost any operation, including service operations. The philosophy remains the same, only the methodology and ways of implementation changes.