Chapter 15
Striving For Service Leadership

GENERAL CONTENT

Multiple Choice Questions

1. Which of the following is one of the three functional imperatives in services management?
   a. The management function.
   b. The outputs function.
   c. The inputs function.
   d. The servicescape function.
   e. The human resources function.
   (e; Moderate; p. 424)

2. The term ____________ is used to describe business functions operating in isolation from each other.
   a. management separation
   b. functional isolation
   c. functional gaps
   d. management gaps
   e. functional silos
   (e; Moderate; p. 425)

3. Balancing customer satisfaction against operational efficiency would be best described by which of the following?
   a. Complacent reactionism
   b. Boundary spanning roles
   c. Interfunctional conflict
   d. Crossfunctional conflict
   e. Reduction management
   (b; Challenging; p. 425)

4. Which of the following is a component of service performance discussed under the marketing function?
   a. Service quality
   b. Service delivery
   c. Productivity
   d. Workforce
   e. Role of operations
   (a; Moderate; p. 426)
5. Which of the following is a component of service performance discussed under the operations function?
   a. Role of marketing
   b. Competitive appeal
   c. Introduction of new technology
   d. Customer profile
   e. Workforce
   (c; Moderate; p. 426)

6. __________ in a business context involves continual mutations designed to ensure survival of the fittest.
   a. Manifest
   b. Design
   c. Preparation
   d. Evolution
   e. Planning
   (d; Moderate; p. 430)

7. According to Chan Kim and Renée Mauborgne, which of the following is not one of the four hurdles that leaders face in reorienting and formulating strategy?
   a. Consumer
   b. Cognitive
   c. Resource
   d. Motivational
   e. Political
   (a; Moderate; p. 430)

8. Which of the following is NOT one of the eight stages John Kotter argues that leadership roles must navigate through during change management?
   a. Creating a sense of urgency to develop the impetus for change.
   b. Creating an appropriate vision of where the organization needs to go.
   c. Producing sufficient short-term results to create credibility and counter cynicism.
   d. Building momentum and using that to tackle the tougher change problems.
   e. Controlling employees so they do not act on impulse.
   (e; Challenging; p. 431)

9. Organizational culture includes all of the following EXCEPT __________.
   a. shared perceptions or themes regarding what is important in the organization
   b. shared values about what is right and wrong
   c. shared understanding about what works and what doesn’t work
   d. shared beliefs, and assumptions about why these things are important
   e. diverse styles of working and relating to others
   (e; Easy; p. 437)
10. Which of the following is NOT one of the six key factors that influence an organization’s working environment?
   a. Flexibility
   b. Responsibility
   c. Standards
   d. Power
   e. Clarity
   (d; Moderate; p. 437)

**True/False**

11. Internal links in the Service-Profit Chain include customer satisfaction and loyalty.
   (False; Easy; p. 422)

12. An important distinction between service leaders and firms in other categories is how they approach value creation.
   (True; Easy; p. 423)

13. High-value creating enterprises should be thinking in terms of functions, not activities.
   (False; Challenging; p. 425)

14. Controlling workers is a practice most likely seen in the “service losers” category of service performance.
   (True; Moderate; p. 428)

15. Consistently meeting or exceeding customer expectations across multiple dimensions is a practice most likely seen in the “service leader” category of service performance.
   (False; Challenging; p. 429)

16. The company names of the “service professionals” level of service performance are synonymous with service excellence and an ability to delight customers.
   (False; Moderate; p. 429)

17. Top management must proactively evolve the focus and strategy of the firm to take advantage of changing conditions and the advent of new technologies.
   (True; Easy; p. 430)

18. Service firms typically require less coordination across marketing operations and human resource functions than other types of firms.
   (False; Moderate; p. 430)

19. “Management by wandering” is an approach that exemplifies unsuccessful managers.
   (False; Moderate; p. 434)
20. Organizational climate represents the tangible surface layer on top of the organization’s underlying culture.
(True; Moderate; p. 437)

**Short Answer**

21. List the links in the Service-Profit Chain.

   Customer loyalty drives profitability and growth, customer satisfaction drives loyalty, value drives customer satisfaction, quality and productivity drives value, employee loyalty drives service quality and productivity, employee satisfaction drives employee loyalty, internal quality drives employee satisfaction, and top management leadership underlies the chain’s success.
(Challenging; p. 423)

22. What are the four levels of service performance according to the chapter?

   Service losers, service non-entities, service professionals, and service leaders.
(Moderate; p. 426)

23. What is the main reason that customers patronize service losers?

   Lack of viable alternatives.
(Moderate; p. 426)

24. What is the dominant operations mindset for a service non-entity?

   Achieving cost savings through standardization.
(Challenging; p. 427)

25. Describe the competitive appeal of the “professional” level of service performance.

   Customers seek out the firm, based on its sustained reputation for meeting customer expectations.
(Challenging; p. 427)

**Essay**

26. Describe the qualities of a service leader.

   Their company names are synonymous with service excellence. They are recognized for their innovation in each functional area of management, as well as for their superior internal communication and coordination among functional areas. Marketing efforts make extensive use of customer relationship management systems. Employees are committed and empowered.
(Moderate; p. 428)
27. Distinguish the difference between management and leadership.

Management involves keeping the current situation operating through planning, budgeting, organizing, staffing, controlling and problem solving. Leadership, on the other hand, is concerned with the development of vision and strategies, and the empowerment of people to overcome obstacles and make the vision happen. Leadership reacts to changes in the competitive environment and is built and enacted through people and culture.

(Moderate; p. 431)

APPLICATION CONTENT

Multiple Choice Questions

28. Which of the following is NOT one of the characteristics of effective service leadership according to Pernille Spiers-Lopez of IKEA?
   a. being authentic and not afraid to face mistakes
   b. self-examination
   c. putting in extra hours beyond the 40 hour work week
   d. personal values
   e. trusting the people around, and being trusted
   (c; Moderate; p. 421)

29. Which service industry has the closest link between customer satisfaction and shareholder value?
   a. Hotels
   b. Airlines
   c. Parcel delivery
   d. Department stores
   e. Food processing
   (d; Moderate; p. 423)

30. As a result of the process of service delivery speeding up, with customers demanding faster service and faster responses when things go wrong, managers now spend up to ___________ of their time leading.
   a. 10 percent
   b. 25 percent
   c. 40 percent
   d. 65 percent
   e. 80 percent
   (e; Moderate; p. 431)
31. The notion of ____________ is central to the professional lives of Cirque Du Soleil employees.
   a. stretch
   b. bind
   c. hang
   d. wince
   e. edge
   (a; Moderate; p. 434)

32. All of the following are ways in which Kenneth Chenault improved American Express except:
   a. offering new features
   b. reconceptualizing the basic branding concept
   c. creating new types of cards
   d. signing up mass market retailers, including Wal-Mart
   e. offering new loyalty programs
   (b; Moderate; p. 435)

**True/False**

33. The head of global human resources at IKEA encourages employees to make families the number one priority in their lives and promotes keeping regular hours on the weekends and avoiding weekend travel.
   (True; Moderate; p. 421)

34. Top-level executives of outstanding service organizations spend incredible amounts of time setting profit goals and focusing on market share.
   (False; Challenging; p. 422)

35. Organizations that are devoted to satisfying their current customers may miss important shifts in the marketplace and find them turning into has-beens.
   (True; Moderate; p. 430)

36. Cirque Du Soleil claims that they didn’t reinvent the circus, they simply repackaged a way of presenting the circus show in a much more modern way.
   (True; Moderate; p. 433)

37. Coercive leaders demand immediate compliance and are found to have a positive impact on climate.
   (False; Easy; p. 440)
Short Answer

38. What did Sam Walton, founder of Wal-Mart, highlight the role of managers as?

Servant leaders.
(Challenging; p. 432)

39. List one of Cirque Du Soleil’s main competitors.

Cirque Eloize (Cirque Eos, Barnum’s Kaleidoscope).
(Challenging; p. 434)

40. Give an example from the chapter of a company/organization that benefited from “management walking around.”

Southwest Airlines
Boston’s Beth Israel Hospital
New York Transit Police
(Moderate, p. 434)

41. Describe Cirque Du Soleil’s critical financial issue.

Cirque’s core market is becoming crowded with competition, it is becoming more difficult to find and retain top performers, and it is unclear how much longer they can continue to fill 1,000-seat theaters at high admission prices with what are essentially variations on the same product.
(Challenging; p. 434)

42. What was the “Boston Fee Party” with regard to American Express?

In 1991, a group of Boston restauranteurs were upset by what they felt was unfairly high rates and decided to refuse Amex cards. Kenneth Chenault of American Express headed up a successful effort to achieve reconciliation.
(Moderate; p. 435)

Essay

43. Describe the Service Science, Management and Engineering initiative created by IBM.

The SSME initiative combines knowledge in computer science, social and cognitive science, and legal science so that so that the necessary skills are developed for the service economy. IBM has been mobilizing universities and research centers to collaborate with them. Service science is an approach to enable us to study, design, and manage effective service systems that create value for our customers.

(Challenging; p. 425)
44. Describe the new challenges faced by Cirque du Soleil following their widespread success as a spectacle show.

Organizations sometimes find it easier to rest on their laurels. However, such an approach could contain the seeds of failure for the Cirque. Cirque du Soleil faces new competitors today, including two that have emerged from its home turf, Cirque Éloize and Cirque Éos, both spawned by the growing supply of graduates from two recently formed circus schools in Quebec. Cirque copycats have also sprung up in France and Argentina. An even greater challenge comes from the U.S. company, Feld Enterprises, that owns the famous Ringling Bros and Barnum & Bailey Circus. Feld has created a new production, Barnum’s Kaleidoscope, that replaces the traditional circus performers with a mix of acrobatic performers and live music at much higher admission prices.

(Challenging; p. 434)

45. Describe how Malcolm Rogers reversed the course of the Museum of Fine Arts in Boston, MA.

Rogers’ “one museum” theme, repeated at frequent intervals, sent the message that the director’s agenda took precedence over that of the traditionally independent curators who operated the museum’s many different art departments and set priorities for acquisitions and exhibitions. One curator quickly resigned. While he was recognized for his good humor and friendly, outgoing manner, the new director showed that he could be blunt and decisive. He took a tough line with expenditures and began a program to cut staff size by 20 percent. However, his cutbacks did not extend to services for museum visitors. Instead, he set about creating a more welcoming environment. He soon reopened the main entrance on Huntington Avenue, which had been closed to save money, and reversed the trend of curtailing admission hours, another of his predecessor’s cost-cutting initiatives. Daily schedules were extended and seven-day operations instituted. Three nights a week, the museum remained open until 10 p.m. On “Community Days,” three Sundays a year, the MFA was open free of charge. Each successive year, Rogers launched activities to improve the museum’s facilities and image, including new exterior lighting to better display the MFA’s imposing facade at night, extending the main restaurant, and opening a new rooftop terrace. Making the MFA an evening destination, especially for people living in or close to the city, was another objective. The broader variety of exhibitions (to encourage multiple visits per year), upgraded restaurants, and improved museum atmosphere all played a role. An ambitious $500 million capital campaign was launched, part of which would fund construction of a major building expansion.

(Challenging; p. 438)