Winning the Service Game

Revisiting the Rules by Which *People* Co-Create Value

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The chapter presents a summary and extension of our book, *Winning the Service Game*, published in 1995 by Harvard Business School Press (Schneider & Bowen, 1995). We summarize the "rules of the game" we had presented there concerning the production and delivery primarily of consumer services and note several advances in thinking since we wrote the book. We emphasize that people (customers, employees, and managers) still are a prominent key to success in service and that this should be fully recognized in the increasingly technical sophistication of service science. The foundation of this thesis is the idea that promoting service excellence and innovation requires an understanding of the co-creation of value by and for people. Further, that such co-creation is most likely to effectively occur when an appropriate psycho-social context is created for people as they produce, deliver and experience a service process. Such a context is the result of understanding the complexities of the people who are a central component of the service delivery system.

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Introduction

Consumer services are frequently delivered by people to people and the people who deliver them work with and for other people; people are a big part of consumer service delivery and they are the focus of our work. People played a large role in our book, *Winning the Service Game* (Schneider & Bowen, 1995) but over time we have become even more focused on the people part of service. That is, as the new field of service science proceeds, the emphasis appears to be on winning via linear programming, operations management, engineering solutions, information technology, economies of scale, and mathematical formulae. These foci provide a potential tactical advantage with regard to efficiency in the design of service delivery systems to mass markets and to businesses but they tend to ignore the social psychology of consumer service delivery contexts and the relationships among the people (customers, employees, and managers) involved.

Executives are continuously seeking ways to simplify complex problems and consumer service delivery is a complex problem. It is complex precisely because it involves people interacting with each other in a social psychological context and the paradox of the technical and engineering emphases in service science is that it tends to ignore this social psychology. And when people are mentioned it is typically with regard to their skills and knowledge and the ways those integrate with other systems parameters: “Creating and delivering a service requires the use of some collection of assets, whether capital assets such as information technology infrastructure, consumable assets such as service parts and materials, labor assets such as skilled employees, or intangible assets such as an individual's skills or an organization's proprietary data or processes” (Dietrich & Harrison, 2006).

This kind of narrow focus on “labor as skills” reminded us of the recent research in England (Birdie et al., 2008) where the impact of operations management and human resources management practices on company productivity were examined. The authors looked at 22 years worth of data from 308 companies that had implemented HR practices (empowerment, extensive training, and teamwork) and/or operations management initiatives (total quality management, just-in-time manufacturing, advanced manufacturing technology, and supply-chain partnering). The results were striking, and we quote: “[W]e found performance benefits from empowerment and extensive training, with the adoption of teamwork serving to enhance both. In contrast, none of the operational practices were directly related to productivity…” (Birdie et al., 2008, p. 468).

On Avoiding the Commoditization of Service

We are not here to claim that operations management- and engineering-based principles are ineffective in service organizations. Indeed, services operations management, *together* with services marketing and services human resource management, is essential to service management effectiveness. That has been the fundamental conclusion of the field of services management that long-preceded service science. Winning the service game requires the two-fold appreciation that: (a) operational practices can help organizations operate both more efficiently and more effectively but (b) if everyone is doing the same thing there is not competitive advantage to it. Thus, the results of the British study summarized reveal that there is no relationship across the companies between the adoption of operational procedures and success—there is no competitive advantage. Does this mean the organizations have not improved their efficiency and effectiveness? No; all it means is that the adoption of these techniques has not improved their competitive advantage. Additionally, we maintain that the more technical and operational implementations of service science are more easily copied by competitors than those that reside in dealing with the complexities of people, the interactions among them, and the values of the larger organization in which they reside. Thus we claim that ignoring the social psychology of the various parties to service delivery and the setting in which they interact is dangerous to the long-term health of service organizations because that is what can yield *sustainable* competitive advantage. It is dangerous to ignore people in consumer services because, first, the customers are people and ignoring their psychology, especially when customization is important, makes all service delivery alike. Second, ignoring people, makes those who deliver service to customers also a commodity and to be treated as such by management. The recent debacle at Circuit City, where long-term sales and service employees were fired because their salaries were commensurate with their skills and experience, is a good case in point. That is, within six months of these firings Circuit City declared bankruptcy because sales had dropped precipitously with customers complaining about the lack of knowledge of the sales people. Third, people *are* the organizations in which they work. It is always surprising to us how management can think of their organizations as somehow separate from the people who work in and manage them when an organization is nothing without the people who are there. One of us has coined the term and written about "The People Make the Place" (Schneider, 1987). And we have become increasingly concerned with the idea that if the place in which people work does not create an appropriate service climate or culture for them then they will fail to focus on serving customers, customers will be dissatisfied and not return and long-term profits and market value will suffer (Schneider, Macey, Lee & Young, 2009b).

Are we overstating the case, the case being that service science has tended to downplay the importance of people and the social systems in which they behave? Consider the following quote about the importance of people by Spohrer et al. (2007, p. 75) as they define service science:

> "Three types of key resources make up all service. [1] **People.** The more they're needed and the longer it takes to educate them or get them to competent performance, the more expensive human resources typically become. For example, each profession has only a limited number of people, and training more people with those professional skills takes time and educational investment. So scaling a service system that depends on human resources might require seeking out labor from another less expensive geography,

> repurposing and retraining people from another industry sector, or identifying demographic segments yet to join the labor force."

In our estimation this does not portray people in the complexity marketing and human resources scientists have defined them. That complexity includes their talents, of course, but also their motivations, their attitudes, the nature of the service climate and culture in which they interact, and indeed the technical systems they use in creating value for each other and the organizations of which they are a part (Lovelock & Wirtz, 2004).

Our chapter can be viewed then as a service science cautionary tale, on several fronts. First is to guard against the new discipline of service science paying less attention to the role of people, and the inter-related disciplines of social psychology, organizational behavior and industrial-organizational psychology, than it does to the role of more technical approaches, and the disciplines that relate to them. To the credit of Jim Spohrer and others who have defined the field of service science, people issues are occasionally afforded attention in the stated definition of service science. Yet, the human resource/people piece does seem to be addressed with a narrow focus on skills and talent and the literature on the importance of context (organizational climate and organizational culture) is not explored at all.

Second is to be mindful of the factors that may lead to an under-emphasis on people in service science. For example, service science emerged primarily in a B2B business context. That context can invite an emphasis on economies of scale and the techniques that yield them that obscures and may even try to smooth over the uniqueness, contributions and expectations of people. Finally, we caution to keep in mind the endgame of service science—service innovation. In our estimation the true wellspring of innovation will remain as the minds and hearts of engaged customers, employees, and managers—people—committed to ongoing improvement in the co-creation of value.

In sum, the issue is not whether the new field designation of service science is a bad one but where the new designation is headed. For example, the new web-based journal *Service Science* (2009) has produced its first issue and articles are about automated optimal control, hyper-networks, computational thinking, and network transformation services. Spohrer (2009) in his editorial comment says the right things about interdependencies but the first issue of the new journal is narrow in its focus on B2B issues and information technology systems. The field of Economics has become increasingly behavioral—people-oriented—in the last decade or so; is the field of Service Science taking Service Management *less* behavioral? So, we raise here a cautionary flag.

In what follows, we elaborate on these points as we summarize the key issues raised in the 1995 book, as we were asked to do for this volume. Readers will see that the book in many ways addressed the issues just outlined but did so in less direct ways than we just did and will do so in what follows. We do the summary by chapter so interested readers can obtain an appropriate "feel" for both the structure and the content of the book. In the book we had 53 "rules of the service game" which we repeat at the beginning of each chapter summary as they form a useful outline for what follows. These rules were developed largely with the B2C sector in mind, but they have considerable relevance for many B2B service relationships, as well. Service effectiveness in both settings requires knowing the rules by which to attract and retain the right mix of customers, employees, and managers within a psycho-social context that offers a value proposition to all three stakeholders. Many of our "rules" draw upon fundamental principles of individual and organizational psychology that can help inform management about how to manage people and their organizational contexts in *both* B2C and B2B settings.

Finally, we imagine that many of these rules from 1995 may sound like dated common sense here in 2009. Now if only common sense was common practice! We would even suggest that perhaps winning the service game is as much about getting better at executing the science we already know, as it is about generating new science.

Chapter 1: Building a Winning Service Organization by Mastering the Rules of the Game

The central point in Chapter 1 was that the rules of the service game are different from the rules of the manufacturing game. Service organizations in the extreme deliver to customers an experience rather than a tangible good so it is the delivery that counts since that is what creates the experience. If service organizations need to think differently about how they operate then managers need to think differently about what their organization is and how it behaves. Service organizations must function differently because customers are as much a part of the organization as the employees, including management.

We advocated a way of viewing service organizations in our 1995 book that aligns well with the recent service science perspective on service systems as dynamic, functionally-integrated combinations of resources. We indicated that the goal is the development of a seamless service system and we (Schneider & Bowen, 1995, pp. 2 and 8) offered:

> "…a unique view of service organizations---one that treats a service business as comprised of three tiers: a customer tier, a boundary tier, and a coordination tier. This three-tiered model stands in sharp contrast to traditional functional ways of slicing up organizations—like into marketing, human resources, and operations management. ….It is, instead, a book on how to strategically and holistically manage the hundreds of things that must be done well across three tiers to win the service game. …the three-tiered view of service firms, based on permeable tiers, not grounded in functions—can yield seamlessness in service delivery. By seamlessness, we mean that service, in all of its dimensions and characteristics, is delivered without a hitch."

The customer tier we conceptualized in terms of expectations for quality and needs, with an emphasis on customer needs for security, esteem and justice. The boundary tier we conceptualized as everything with which customers come in contact when interacting with a service delivery firm including the people, the equipment/technology, and the physical space. In addition, that which supports the boundary tier—the "back office" and the equipment and technology designers—are also part of this tier because they link directly to customers through service delivery employees. In our framework, the designers of systems and procedures are critical to the creation of a service climate because employees must use them to serve customers and customers experience the degree to which those systems serve them or the organization.

The coordination tier was labeled "coordination" rather than "management" to emphasize again a service perspective of weaving together the various parties and elements of service, not controlling or managing them, per se. The point is that in service delivery, since it is an experience being created for customers, it cannot be managed as it unfolds. So, compared to a manufacturing environment where the production process can be stopped to make corrections, in service delivery once the process begins it unfolds as a whole without intervention. The role of management, like the conductor of an orchestra, is to coordinate all of the elements required for excellence to emerge.

We emphasized the idea that the goal of the coordination tier is the creation of a service climate or culture such that all functions and subsystems in the firm—marketing, operations, finance, human resources—see service quality as the raison d'etre of their function and of the entire organization. This focus on service climate was based on early research in bank branches that had shown that when employees at the boundary tier view their organization as one that has a positive service climate the *customers* they serve report receiving higher service quality (Schneider, 1980).

Figure 1 shows the results from the first study that revealed this relationship between employee reports and customer reports. In other words, when employees report their company really emphasizes service quality in all they do then the customers with whom they interact report positive service quality experiences.

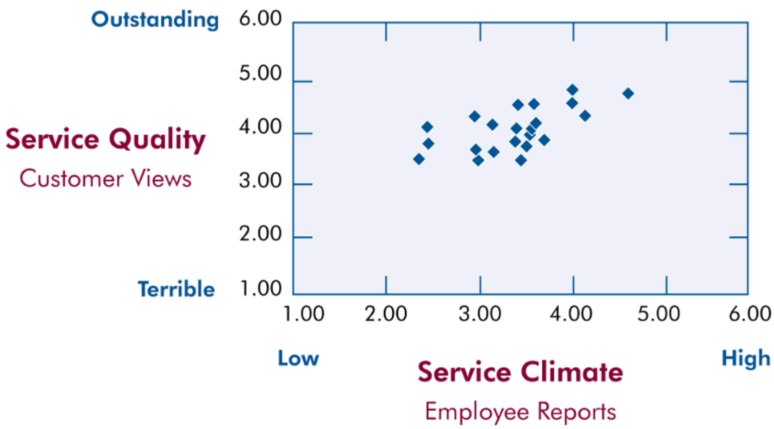

Figure 1. Relationship Between Employee Service Climate Perceptions and Customer Perceptions of Service Quality in Retail Bank Branches

There are now dozens of studies in the published academic literature that report similar results (Dean, 2004; Schneider & White, 2004) and this kind of research has come to be called “linkage research” (Wiley, 1996). The research has been carried out with samples of hotels, branch banks, auto dealerships, insurance agencies and regions, supermarkets, and so forth, wherever and whenever organizations have multiple outlets that serve customers. There is now also research at the firm level of analysis that reveals service employee perceptions of service climate relate directly to firm customer satisfaction and indirectly to financial and market performance for diverse service industry firms (airlines, telecommunications, retail, financials, and so forth; Schneider, et al., 2009b).

The point is that companies, and units within companies, that promote service quality in all they do across their subsystems create an environment for employees in which they are *engaged* in serving customers—and where customers respond with positive appraisals. Of course, what is important about those positive appraisals is that they lead to customer satisfaction, loyalty, retention, and sales and ultimately to positive financial and market performance (Anderson, Fornell, & Mazvancheryl, 2004; Gruca & Rego, 2005).

The chapter summaries that follow first present the rules and then a summary of the major points for that chapter, followed by extensions and more recent thinking as appropriate.

Customer Tier-Chapter 2: Meeting Customer Expectations

1. Manage the intangible
2. Really watch out for “habituated” expectations
3. Identify customers’ two-tiered expectations
4. Analyze the complex “quality psychology” of *your* customers
5. Plan for recovery from systems failures
6. Know who really knows your customers
7. Monitor quality for improvement, not for data
8. Focus or falter in the marketplace

Services tend to be less tangible than goods so it is very important for management to understand that *how* the service is delivered is at least as important as *what* is delivered. That is, if you think about a restaurant, there is the food itself that is delivered and then there is *how* the food is delivered. Understanding what market niche a company wishes to occupy and exploit is all about understanding customer expectations for both what is delivered and how it is delivered. The problem with intangibles is that expectations for them are less clear than are expectations for tangibles; again, intangibles are experiences and tangibles can be touched and felt and used.

The reason why it is important for a business to know *its* customers’ expectations is because they are the relevant market. We proposed in the chapter that the keys to competitive advantage with regard to customer expectations are to know the following:

- Firm-specific customers' expectations
- Firm-specific customers' evaluations of service quality
- Firm-specific customers' evaluations of the firm's major competitors' service quality

The point we made is that a firm must do better than its major competitors to be competitive; perfection is not the goal but being superior to the competition is.

Customers are not necessarily aware of their expectations until something happens to violate those expectations. We called people's everyday expectations of which they are unaware "habituated expectations." Such expectations exist subconsciously and only come to awareness when violated. For example, when we enter a room we flick on the light switch and subconsciously expect the light to go on. Only when it does not go on do we understand we carry that expectation. In fact, the more reliable a service is over time the more customers' expectations become habituated. But understand that a service can be unreliably *superior* as well as inferior; positive changes in service delivery can raise to consciousness the excellence with which a service has been delivered.

Service researchers and practitioners are quite familiar with inferior reliability in service delivery and deal with it under the label "recovery" as in "we need to recover from that screw-up." When customer expectations are violated firms must recover to at least achieve where they were prior to the error. Recovery must be instantaneous and it must be extraordinary for it to be memorable; almost half of the reports on dissatisfying service experiences are for poor recovery to a service delivery failure (Tax & Brown, 2000). Recovery is very difficult because it involves the coordination of all parties involved (Michel, Bowen, & Johnston, 2009).

There has been some debate about whether service recovery can yield positive consequences for organizations that do it well; this notion is called the service recovery paradox. In other words, should a company make an error just to show how terrific it really is and thereby enhance customer satisfaction and loyalty? While there is occasional research that reveals the potential for improvements in customer satisfaction and loyalty following excellent recovery (DeWitt, Nguyen, & Marshall, 2008), the overwhelming evidence suggests this is not the usual case and it is especially damaging if following recovery the service is poor (Michel & Meuter, 2008).

What is interesting about customer expectations is that they contain two elements, one having to do with the *content* of the expectation and the other having to do with the *form*. So, people who go to a Quality 8 motel have expectations for the reliability and responsiveness of the service they will receive and so do those who go to the Ritz-Carlton. But the form of those expectations will differ greatly because people have different expectations as a function of the market niche in which they are "playing the game." And the same people at different times and for different reasons play both games and they bring to those games different expectations for what constitutes good service. Companies must know the expectations of their customers so they can focus on them; if they do not focus on a particular niche or segment they will falter because no organization can serve all market segments effectively (Davidow & Uttal, 1989).

Finally we were and continue to be strong believers in monitoring customer perceptions of service quality, especially with regard to the content and form appropriate for a given company. But we are only in favor of such monitoring if the data are used to make improvements. And the key to making improvements in service delivery resides in the employees who serve them; more on this later.

Customer Tier-Chapter 3: Respecting Customer Needs

9. Recognize that quality starts with needs
10. Recognize that violating a need means losing a customer
11. Respect customers' needs for security
12. Respect customers' needs for esteem
13. Respect customers' needs for justice

Customer satisfaction has implicitly and frequently explicitly been built on a "met expectations" model. In our book we introduced the idea that customer needs provided an additional (not an alternative, but an additional) focus for understanding customer satisfaction. We noted that expectations are frequently *sub*-conscious but that needs are frequently *un*conscious and that needs reflect larger psychological issues of relevance to people—like identity issues (self-esteem), how safe I feel (security), and how fairly I think I am treated by the world (justice). Indeed we noted that violation of needs could produce stronger negative reactions than violation of expectations might produce. In a later paper (Schneider & Bowen, 1999) we developed these ideas further in explicating the role of need gratification and need violation in understanding customer delight and outrage, more extreme forms of satisfaction and dissatisfaction.

The major point we made with regard to needs is that they are more fundamental than expectations. They are more about customers as people rather than customers as customers; *all* companies must respect customer needs because they are fundamental to life and human existence. So, the variability that exists for knowing your customers' expectations so you can focus on them is not as relevant when it comes to needs because all people share these needs and the issue is how well systems are designed to meet and/or exceed them.

The three needs on which we focused were the needs for:

- *Security*: The need to feel secure and unthreatened by physical, psychological or economic harm.
- *Esteem*: the need to have one's self-esteem maintained and enhanced.

- *Justice*: the need to be fairly and justly treated.

The security need is very relevant for that entire class of services included in health care (including ambulance services) and government services like police and firefighting. In addition, the entire financial services industry, from insurance to banking and investing, is directly concerned with meeting people's needs for security. At the time of this writing, for example, the financial services industry in the U.S. was in melt-down with the Dow Jones Industrial Average having shrunk almost 50 percent in the space of 8 months; people were scared, especially retirees, because their security was threatened. As an interesting side note we speculate that the extreme downturn in the financial services world occurred when Secretary of the Treasuring Henry Paulson allowed Lehman Brothers to fail. We think this sent a message to people that *any bank* could fail and that their security was definitely threatened. Without belaboring the issue too much we can say that many facets of people's worlds send the message that they can feel secure:

- Signs on elevators in hotels as to how to behave in case of fire.
- Instructions by cabin attendants on airplane flights.
- Drills on how to abandon ship if necessary on cruises.

People scoff outwardly at these but their repetition sends the consistent message that it is okay to feel secure. Less obvious is the message sent by inattention to cleanliness, torn carpets, chipped paint, dirty tableware, and so forth in restaurants and elsewhere; the message is "unsafe." This is perhaps best summed up at Disneyland where the phrase "Unclean equals unsafe" is the mantra (Stratton, 1991).

The need for esteem is violated every time customers are made to feel stupid through poor signage, being blamed for errors even if the firm made the error, and being treated as a child rather than an adult. And this extends to every service encounter where the customer is required to co-produce his or her service: ATMs, ordering a meal at McDonalds, working with a business consultant, explaining to a physician how they feel, and so forth. In other words, every time a customer must behave as part of the service experience (when they must "co-produce value") their self-esteem has the potential to come under attack. This means that services must be designed so they at a minimum facilitate the service encounter to maintain people's self esteem and in the best case enhance people's feeling of self-esteem by making it possible for customers to perform their co-creation roles competently and effectively.

In the chapter we paid particular attention to poor signage, especially for newcomers to a new service establishment. Old-timers navigate easily and this is seen as the norm by the bank or hospital or supermarket but what about those who are new? We understand that firms like Costco, which has NO SIGNS to where different items are, want people to wander so they see all of what is available but they should at least make a map available for those who want one instead of setting things up to irritate new customers and make them feel stupid as they wander aimlessly around. This also applies to providing sufficient directions for users to navigate a company website.

Our second pet peeve is failure of service delivery people to recognize the presence of a customer by making eye contact and nodding to indicate they are aware of the customer. Our identities are important to us and we like to feel important but to not even have our presence acknowledged is a dissatisfying experience striking at the core of our esteem.

Finally on esteem there are the race, gender and age issues in customer service that requires attention by firms. We note in the chapter how badly, for example, women who go to get their car repaired feel they are treated. Thus, *USA Today* (1994) reported the following data:

- 57 percent of women feel that auto mechanics don't show women the same respect as men.
- 35 percent of women feel mechanics treat them like idiots.
- 33 percent of women feel mechanics make them feel uncomfortable about what they don't know.

Similar issues emerge for minorities in encountering majority establishments where research (Butz & Deitch, 2005) reveals:

- Denial of an apartment rental when it is clear the apartments are available.
- Denial of a job when the job is open and they clearly qualify.

Finally, age becomes an increasingly important focus for service organizations of all kinds, not just the various kinds of long term care residential living facilities that are being created by Marriott and Hyatt among others. Age is important because we are an aging population that we can all count on, older people have more wealth and, most importantly, the self-esteem of the aged is more tenuous than is true for younger people. That is, as eye sight, hearing, and physical robustness all begin to decline the aging population does what it can to retain its esteem. But soda bottles that no longer can be gripped to be opened (forget about the tabs on soda cans), suitcases than can no longer be lifted into overhead racks on airplanes, and frequently non-working escalators requiring the walking of steps all contribute to feelings of a loss of esteem. Firms just must do a better job of being sensitive to such issues, and they can do this by consulting with their aging customers—and their aging employees.

The need for justice for us focused on the need for distributive, procedural and interactional justice. There are three bases for making judgments about fair treatment, equity being the one most people think of first. Equity has to do with the following: Are my outcomes (e.g., a pay raise) in the same proportion to my inputs (e.g., in the form of effort and performance) as are other's outcomes in relationship to their inputs. For customers equity is probably less relevant than are need and equality as a basis for judging fairness. Need here refers to the question: Am I getting what I need regardless of what others are getting. And equality here refers to the question: Am I getting the same as everyone else is getting. All three, equity, need, and equality enter into people's calculations of justice, with the latter two most relevant in consumer services.

Perhaps the most common issue that concerns justice for customers is "the wait." People can feel unfairly treated whenever they have to wait—for the reservation at the restaurant, on hold with the call center, at the physician's office and at the post office. "The wait" invokes issues of justice so managing wait times in ways that feel fair to customers needs to be studied in your situation.

A second common issue emerges when customers feel that an implicit or even explicit agreement with the service facility has not been met with satisfaction. This issue invokes what academics call a violation of a "psychological contract" (Rousseau, 1990). The psychological contract is what two parties to a relationship each feels they are due from the relationship. The problem with psychological contracts is that they are rarely made explicit—that is why they are called psychological contracts—and they are thus easily violated. Firms need to try and track the psychological contracts their customers have with them and violations of them so they can plan to not violate them in the future.

Finally, and related to the psychological contract, the issue of recovery we mentioned earlier enters into the question of fair treatment as well because people have implicit expectations of how a business should react to recovery-relevant circumstances. Here too service businesses need to track the kinds of recovery demands they confront and head them off so they do not reappear. Of course service businesses cannot anticipate all of the circumstances under which they will need to recover so they should have principles in place to deal with events requiring recovery (Tax & Brown, 2000). For example, service employees might be given empowerment to make immediate restitution up to a given level—like Ritz-Carlton does for its "ladies and gentlemen serving ladies and gentlemen;" more on empowerment for employees later.

In summary, customers' fundamental needs have not been much attended to in services marketing research or practice yet even this cursory exploration of them makes it clear that there are fundamental psychological issues that customers bring to the service setting. Firms would do well to heed the warning to think not just about customer expectations but to think about their customers' needs too. Such awareness and concern can lead to tactics and strategies for targeted segments of the population—women, the aged, minorities—whereby such groups can feel secure, have their esteem maintained and perhaps enhanced, and feel fairly treated. Such tactics acknowledge that customers are people first with people's needs even when they are customers.

What it is important for readers to grasp is that this chapter on customer needs and the prior chapter on customer expectations are central to service businesses being able to create the satisfaction and loyalty they require for sustainable competitive advantage. To implicitly wish these away with hyper-networks or automated optimal control has the potential for customer alienation. Of course, used as ways of meeting a specific firm's customers' expectations and needs these forms of information technology can become an aid in creating potential market differentiation but the firm has to know its customers intimately and well to make those decisions.

Customer Tier-Chapter 4: Utilizing Customer Talents

14. Clarify the customers' co-production role
15. Improve customer ability through selection and training
16. Motivate customers to participate
17. Conduct customer performance appraisals
18. Watch for clues that customers could do more
19. Rely on customers as substitutes for leadership
20. Draw on customers as *co-designers* of the service delivery system

This chapter was about thinking of customers as co-producers rather than customers as mere recipients. So, rather than thinking of customers as masters to be served, we thought of customers as relationships in which the pursuit of common good was the goal. This perspective on customers has been adopted in the new field of service science, at least verbally. That is various papers outlining a theory of service science have made it clear that a goal of service science is to involve customers in the co-creation of value (Gadrey, 2002; Sampson & Froehle, 2003; Spohrer et al., 2006; Tien and Berg, 2003). But further reading in these papers yields the impression that the clear focus for now is on the conceptualization and execution of a service system to meet presumed customer requirements rather than the involvement of those customers and their skills and knowledge in the co-creation of value.

In retrospect, this chapter can be viewed as having foreshadowed customer co-creation of value as one of the central tenets of the "service-dominant (S-D) logic" of marketing (Vargo & Lusch, 2004). In S-D logic, value emerges only during the consumption experience and can not be embedded in manufacturing and the output itself. The customer is always the co-creator of value, together with employees and other resources of the organization. Service is a relational process in which value is created for and *with* the customer.

We conceptualized three co-production roles customers can serve:

- The human resources role—as another source of the production of services; as partial employees.
- Substitutes for leadership—as a source of direction to service employees.
- Organizational consultants—as partners in the design of effective service delivery systems.

In the human resources role we built on the work of Lovelock and Young (1979) who wrote the early and detailed comprehensive description of how to

"Look to your customers to increase productivity." What we added was the idea of actually treating customers as human resources who needed to be carefully selected, well-trained, highly motivated and carefully appraised—and helped when they failed to do their job! On the issue of selecting customers we saw this as a variant on the idea of market segmentation. We suggested, as we noted earlier, that service firms must clearly define their market and in doing so consider the role they want customers to play in productivity. By including such tactics in choosing their market niche firms can identify the attributes of customers they wish to serve and include such attributes in marketing and advertising schemes.

We were particularly concerned about the training of customers because, as we indicated earlier, customers do not like to feel stupid—and they do if they do not know what to do and/or how to do it. People still do not use self check-in kiosks at the airport because they fear not being able to do it correctly; they need training and there should be a special kiosk line for those who want to get trained though we have never seen one. And customers are frequently unaware of ways they could be personally more productive that would enhance both their and their service firms' competence. For example, customers could be periodically encouraged to review the various service agreements they have to ensure they are getting the best deal from their phone and/or cable contracts, their various insurance policies, and so forth. Being encouraged by one's existing company, with explicit information about what to look for, could well serve to enhance customer loyalty as well as save the company the time that calls to the call center would involve for call center employees to do this kind of review. And involving customers via sharing information and other tactics can facilitate their sharing ideas for new services development and innovations in service delivery, more broadly.

With regard to the idea of customers as substitutes for leadership, this was meant to make explicit the fact that service employees pay attention to customer demands—and some research indicates they pay more attention to customer demands than they do to their formal leaders (Bowen, 1983). Of course customers can be making demands the firm does not want employees responding to either positively or negatively. So, how can customers be useful substitutes for leadership? They can be trained in ways that make them useful both for the company and themselves.

Customers should be used as consultants to the organization. In the B2B sector this is frequently the case but in consumer services this is less frequently used as a tactic for enhancing the service delivery systems of the firm. We encouraged the development of consumer panels to assist in the design of delivery systems so that they serve customers as well as the organization. What we meant here was that firms design service systems to provide them the data they need and want and these frequently overwhelm what customers need and want. For example, to cash a check at a teller stand is enormously time-consuming because the bank requires so many operations by the teller; ditto for opening an account at the bank. Involving customers intimately in the design of such systems would perhaps make them more useful to both parties for the long term relationship both parties desire.

Finally, an implicit motivation for us titling the chapter "Utilizing customer talents" was the idea that people desire to be and feel competent—by this we refer back to the earlier discussion of the need for self-esteem. It follows that companies that do the best job at making their customers be and feel competent will likely reap the joint rewards of improved overall productivity and customer loyalty. But it does not come free because companies have to invest in designing ways to select their customers appropriately, train them, monitor their behaviors to seek ways to improve it and educate their work force in how to work effectively with customers.

Boundary Tier-Chapter 5: Managing Personal Contact Through Hiring and Training

21. Reduce the high stress faced by boundary workers in serving both management and customers.
22. Hire people for *your* jobs in *your* business
23. Deepen the applicant pool to increase employee quality
24. Hire based on how people *behave* in the hiring process
25. Hire the right personality types (rigorously)
26. Manage both staff quality and staff levels
27. Know that informal training = learning the culture
28. Reinforce formal training's two key benefits back on the job

This chapter was the first of three concerning the boundary tier—the tier of the service firm that interacts most directly with the firm's customers. The second chapter was about reward systems and the third was about those features of the boundary between the service firm and customers that are physical, tangible and relatively fixed.

We paid great attention to the attributes of the people who deliver service, especially via who gets hired (selection) and how they learn to be competent (training). In particular we emphasized the importance of hiring and training that is relevant for the jobs of a specific company—we are not strong believers in off-the-shelf hiring and training unless they have been shown to be relevant for a firm's specific jobs and values. We believe this for two important reasons:

Hiring and training using off-the-shelf procedures makes employees a commodity because it says to both them and you that they are no different from those hired and trained by other firms with similar jobs. Such practice sends the wrong message to employees.

Hiring using unproven practices for jobs in a company will likely not yield the best possible people for a firm and, in addition, such procedures can lead to law suits if they are found to be discriminatory. Firms thus gain two advantages from hiring practices designed specifically for them: more productive people through legally defensible practices (Ployhart, Schneider, & Schmitt, 2006).

We set the stage for explication of the issues involved in hiring and training by noting the importance of understanding that the hiring and training is for people who work at the boundary of the organization and, thus, are susceptible to a variety of potentially conflicting demands on them. In short, boundary workers can experience high levels of stress in their work when they try to simultaneously meet the demands of customers and management (and also professional norms for positions such as nursing). Especially when management sends conflicting messages about what service workers should be doing—e.g., provide excellent service but make sure you don't spend too much time with each customer—it is imperative that the workers hired and put on the job be competent and knowledgeable and have the kind of personality orientation to be able to deal with such conflicts and the demands of these complex jobs. One tactic, of course, is for management to try to reduce such conflicts by clearly stating how they want service to be delivered and then by visibly rewarding and supporting such behavior.

The foundation of all hiring and training is the job analysis that identifies the knowledge and skills/abilities required for effective performance of *specific* jobs and the personality to deal with the kinds of relationships with customers required by *those* jobs and the conflicts inherent in specific kinds of service work. Job analysis is a formal process and is not something done by some manager sitting down and writing a job description. Job analysis that specifies in detail the knowledge, skills/abilities and personality required to do the job is the basis for effective hiring and training (Goldstein & Ford, 2002).

We should mention here a perspective on knowledge and skills/abilities required for effective service performance that comes from service science, not our book. Service science proposes that "T-shaped" professionals are the type of people needed for effective service systems. T-shaped people are "… those who are deep problem solvers with expert thinking skills in their home discipline but also have complex communication skills to interact with specialists from a wide range of disciplines and functional areas" (Succeeding through service innovation, White Paper, 2008; p. 19). Obviously this is an important perspective but not for the kind of customer service on which we focus here.

The popular press would have us believe that it is personality that makes for effective performance in customer service jobs—and it is true that personality is important—but the fact is that skills/ability are even more fundamental to job performance, especially soon after entry to the new job (Ployhart et al., 2006). We also presented a definite bias for selection based on watching people behave in simulations of the job rather than just relying on tests or interviews. Simulations at the management level are called assessment centers (Ployhart et al., 2006) but we strongly believe that simulations for service work can be very useful because firms get to see people behave in situations that can mimic real world situations including nasty customers, conflicts in what to do under recovery circumstances, and so forth. Firms can design or have designed such simulations so that they are specifically relevant for a specific firm and its jobs.

Two last points on selection deserve repeating here:

1. Firm hiring is only as good as the applicant pool from which the firm can make choices. Companies with positive service quality reputations have larger applicant pools because people's identities are wrapped up in where they work and a firm known for its positive characteristics yields positive feelings for those who work there—and for people who are seeking work.
2. No company we have ever worked with has employees who feel the staffing levels are what they should be; in every company employees feel short-handed by management. So, the issue is by how much are they short-handed? The staffing levels of service organizations are particularly vulnerable to cost-cutting because it is hard to calculate the specific contributions made by each worker to the profitability of the firm. We worked with one company where they fired the receptionist because they were not "productive" so the receptionist job fell to those who were "productive." Guess what, productivity went down!

Our major emphasis in the chapter was on selection because who a company hires provides the foundation for what that company will look like to (a) itself and (b) its customers. Nevertheless all the excellent hiring decisions in the world will not produce an excellent service work force if the training and coordination of those people is also not excellent and if the context in which people work does not strongly promote service excellence. With regard to training we made three specific points:

1. Training includes socialization to the new job and the new work place. Because people model what they see others doing and get impressions of the new work place from what other people say is important it is critical to put newcomers in situations where they get to model and chat with the kinds of people who best represent what the organization wants customers to experience (Louis, 1990).
2. Much classroom training is wasted because when trainees go back to the job what they learn in training is not reinforced there. Newcomers who return from training are told some variation of the following: "Forget what they just taught you in the classroom; we'll show you how it is really done."
3. Training that is not based on a job analysis of the complete job will focus on the easily identifiable skills, especially technical skills (e.g., computer skills), and ignore the interpersonal issues that are associated with service work. This is a big mistake because even if people are hired with the right personality, they still need help in learning the specifics of how to be helpful to custom-

ers on the job, knowing how to deal with complaining and abusive customers and so forth. As we noted earlier, the payoffs in productivity for companies appear to be well worth the investments made in it. This is true not only for the direct performance/productivity outcomes but also because service employees' own self-esteem is enhanced when they feel competent to deal with the many variables, both technical and interpersonal, associated with these jobs. Training is another thing companies can do that benefits the company, the customer, and the employees, too (Goldstein & Ford, 2002).

We placed great emphasis on who companies hire and how they initiate them through socialization and training to the new job and company because it is who companies hire and how they treat them as newcomers that customers experience. That is, newcomers are the foundation of service delivery because in most companies it is newcomers who staff the front lines, including the phones, and have immediate contact with customers. All the great systems in the world won't compensate for poor decisions on who to hire and incomplete or even inappropriate training. Simultaneously if employees are not surrounded by a climate of service excellence all of their skills will be for naught.

Boundary Tier-Chapter 6: Managing Personal Contact Through Reward Systems

29. Capitalize on the given that employees are motivated
30. Make certain that all rewards pass the seven tests of effectiveness
31. Diversify the reward system
32. Honor employee psychological contracts to enhance service quality for customers

There are several fundamental issues underlying this chapter and they can be succinctly summarized as follows:

- Employees are motivated to do their jobs well and to serve customers well; the job of management is to create the conditions that foster and release that motivation and not to "motivate them."
- Managers and executives think about rewards primarily in terms of money; they need to broaden their concepts of rewards to include goal accomplishment and PR (praise and recognition) as well.
- Money as a reward tends to fail the seven basic tests associated with any reward system (Kerr, 1975; Lawler, 2003) and these are summarized as follows:

1. *Availability*: The reward must be available in abundance and easily distributed; money is a zero sum game and difficult to administer.
2. *Flexibility*: The reward must be flexible in to whom you give it and for what reasons; money is inflexible in the amounts that can be given to people across different salary levels.
3. *Reversibility*: Once given, the reward should not be permanent; salary and merit increases are permanent and bonuses are assumed to be repeated.
4. *Performance Contingency*: Pay levels are so tightly tied to tenure and position that there is little room for it to be used based on performance contingency unless pay is based on an incentive system. Worse, pay tied to performance yields the outcome of only the performance that will obtain the pay because nothing else matters.
5. *Visibility*: The reward must be visible to all since rewards are used as a basis for judgments of fairness; pay is not visible.
6. *Timeliness*: Rewards to be effective must follow closely in time the performance for which they are made; annual pay increases and bonuses are not timely.
7. *Durability*: The reward should have an effect that lasts beyond the immediate delivery of it; pay tends to be absorbed by the recipient with little attention paid to it after it is obtained.

Pay as the key reward strategy of an organization sends the message to employees that they are viewed by management as seeking it and nothing more from work. The research shows that people seek more from work than pay even though they come to work for pay—indeed pay is a good way to get people to come to work but not the best way or the only way to get them to perform at high levels. For performance other diverse tactics are effective: jobs designed that are challenging and meaningful; goals that are internalized, accepted, and specific with accompanying feedback and recognition on performance; and rewards given that are seen as fair both in terms of the amount given (fairness through equity) and the bases for the decisions to give them (fairness through procedures).

The New Rules of Engagement

We began this original chapter defining motivation in terms of three elements: the energy, the direction, and the persistence of behavior. In recent years these have come to be subsumed under the topic of employee engagement. Employee engagement according to Macey and Schneider (2008) has two components: *feelings* of engagement and *behavioral* engagement. The feelings of engagement connote feelings of absorption, attachment and enthusiasm; engagement behaviors involve persistence, proactivity, and extra-ordinary action, i.e. discretionary effort above and beyond formally-specified job requirements that can provide a firm a human resource-based competitive edge. The Macey and Schneider conceptualization follows the logic with which we opened this chapter and the chapter on rewards in the book: Management must create appropriate conditions for employees to be engaged, which is their natural inclination. For engagement, the model is that people who feel fairly treated (in all ways, not just financially), develop trust in their management (immediate as well as corporate) and this trust permits them to feel psychologically safe, and to then feel and be engaged (Macey et al., 2009).

Recent research utilizing a new measure of employee engagement reveals statistically significant relationships across companies between employees' feelings of being engaged at work in what they do and ROA, profitability, and market value (as indexed by the Tobin (1969) q, an index that compares market value to the costs of asset replacement); these results are shown in Figure 2 (Schneider, Macey, Barbera, & Martin, 2009a).

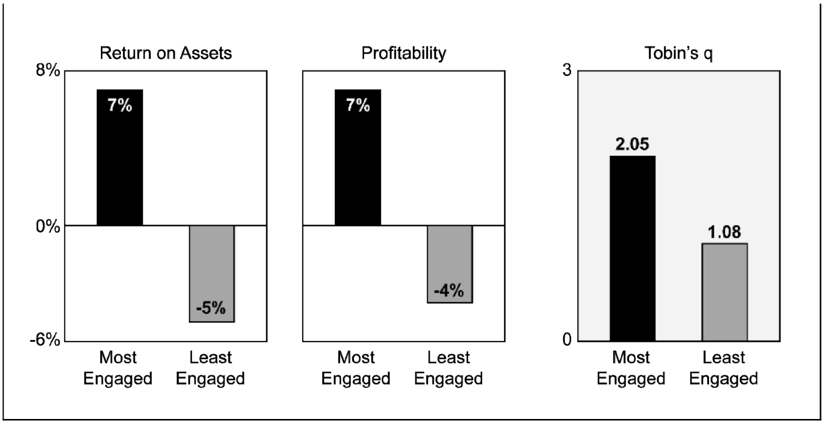

Figure 2. Relationship of Employee Engagement to Financial and Market Outcomes for 65 firms. Shown are the results when the top and bottom 25% of firms on employee engagement are examined with regard to ROA (Return on Assets), Profitability, and Tobin's q (see text for an explanation of Tobin's q)

What is particularly interesting about the work on employee engagement is that internal analyses of data gathered to help in fully understanding the construct reveal that the drivers of employee engagement are different from the drivers of employee satisfaction. The drivers of engagement are the issues we raised in the original book: fair treatment, jobs that are challenging, praise and recognition and so forth while the drivers of satisfaction have to do with benefits packages, compensation and other forms of financial security. This is interesting because at the local level managers have control over fair treatment, recognition and jobs but no control over the drivers of satisfaction!

In summary, it is even clearer to us now than it was when we drafted the original book 15 years ago that rewards at work must take many forms and these rewards must acknowledge people as being motivated to do well in their work. Further it is management's responsibility to create the right work conditions to release—or engage—that motivation. When management understands this logic then employees will experience their work world as supportive of their motivations to do well, customers will experience the service they receive as being of high quality, and the companies themselves will profit.

Boundary Tier-Chapter 7: Managing Nonpersonal Contact With a Personal Touch

33. Avoid the human resources trap
34. Manage the service tangibles - customer psychology link
35. Do not advertise service quality; deliver it
36. Manage the core service as if your business depended on it
37. Protect your core service with your service bundles
38. Create one seamless face of personal and nonpersonal contact with customers

Many businesses fail to consider in detail the many "touch points" they have with customers. This is a serious error especially in service businesses because the more intangible the service the more customers look for tangible indicators of how good the service is. Lawyers understand this well and so they design their offices with fine wood paneling and leather-bound chairs and books to connote quality. Theater and symphony owners understand this so they design beautiful interiors to the theaters and concert halls with great presence of red velvet to connote excellence and quality. Do supermarkets understand this when they permit potholes in the parking lot, chipped paint inside the store, dirty and non-functioning shopping carts? Do airlines understand this when they have dirty seats for passengers, coffee-stained tray tables, and disgusting baggage carousels?

We could of course belabor the point with other examples (and we do in the book) but here we simply note that a smiling and competent service delivery person will have trouble compensating for all of the nonpersonal defects customers must put up with in many service firms. That is, while to this point we have heavily emphasized the people logic we think is imperative, it is important to understand that people are not *the* key to excellence and customer satisfaction but *a* key; this is what we meant by not falling into the human resources trap. Firms that get service quality right have excellence in all facets of the service system: the core service itself (food quality in a restaurant), the equipment and machinery used to deliver the service (computers and information technology at the bank), the facilities encountered by customers (the theater for plays), the ambience or "tone" of the facility (the piano at Nordstrom), and so forth (cf. Bitner, 2000). In other words, excellent service firms create a "bundle" of experiences for customers and ensure that the core service itself is as fine as it can be since that is ostensibly the reason for the visit to the firm in the first place.

It is critical to note that while we have separated out various elements of the service bundle experience for explicit consideration here, customers do not experience the elements so much as they experience the bundle. Customers do not say consciously to themselves "Oh look at that chipped paint," or "Why is there a tear in the carpet" or "This advertisement is really disgusting." What customers do is literally package or bundle their experiences into an overall impression of the firm and this is what they carry in their heads. For this reason it is very important for firms to understand that everything with which the customer comes in contact must be presented to them in a seamless way because to them it is all sewn together; when there is a fray in the stitching anywhere it affects the quality perceptions of the entire garment.

Coordination Tier-Chapter 8: Designing a Customer-Focused Service System

39. Adopt a "service logic" across all functions
40. Balance the competing logics of different degrees of customer contact
41. Ensure a match between Operations Management's service delivery focus and the strategic focus of the business
42. Curb marketing's customer focus—unless it fits your market segment
43. Decide whether you really need a marketing department to be marketing oriented
44. Adopt the three keys to a market-oriented company
45. "Servicize" the HRM function
46. Invest (more) in R&D for the development of information and human technology
47. Diagnose your service logic with internal service audits and service mapping

This chapter could have been called "All those forces operating behind the boundary with which the customer comes in contact." So, it discusses in some detail the inter-related roles of Human Resources Management (HRM), Marketing, and Operations Management and how they influence what the (a) employees who deliver service experience and (b) what the customers in turn experience. In short, this chapter, and the *coordination* tier, overall, emphasized the cross-functional and interdisciplinary imperatives of service practice and scholarship with rules that figure prominently in today's service science and service-dominant logic.

The fundamental message of the chapter is the importance of these functions adopting a service logic in all they do. A "service logic" describes how and why a unified service system works. It is a set of organizing principles which govern the service experiences of customers and employees (Kingman-Brundage, George, & Bowen, 1995). This means, for example, if HRM does not train employees in how to be courteous, fair, and responsive but only trains them on technical issues (e.g., information technology) then the service they deliver to customers will not have a human touch. Or, consider the role of Marketing with a service logic: Marketing that advertises new products/services prior to the time employees have been trained to deliver them does not have a service logic. Or, consider the issue for OM: if OM sees its main function as moving customers in and out of the service facility as quickly as possible then the quality of the service delivered from a customer's standpoint may suffer. As we said in the book, if all restaurants were cafeterias this would maximize efficiency but at what costs?

It should be clear that these three central functions of a service system must act in concert if the results of their actions are to be optimal from the standpoint of delivery and customer satisfaction. One example of how this fails was just provided: advertising products/services prior to training. This could, of course be expanded to include advertising them prior to the systems for their delivery being in place. Or, HRM may fail to keep OM informed about the quality of the applicant pool for new employees and then OM designs systems and procedures beyond the capacity of employees to do the delivery of them. Or management may decree that customer service center calls can never last more than 30 seconds to increase efficiency, save costs—and perhaps kill customer service quality.

Basically, these three functions have different "logics" that determine their approaches and, the problem is, they are frequently in conflict with each other. Marketing wants things done quickly to obtain competitive advantage, OM wants to keep the customer out of production as much as possible and make everything efficient, and HRM takes forever to get things done right—employee attitude surveys, new selection and appraisal programs, and training. We frequently hear the following question about HRM: How come HRM has never learned to be service-oriented? About Marketing we hear: How come Marketing can't do some internal marketing to get everyone on the same page? And for OM we hear: How come operations can't make information technology systems employees can easily and efficiently use to serve customers?

One potential resolution to the differing logics of OM and Marketing is to consider amount of customer contact and participation in production. Where customer contact is high then efficiency cannot be the primary goal of OM—*unless* the organization is exceptionally skilled at managing customers as co-producers so that their involvement is not a source of uncontrollable variance and expense. Also, when the marketing strategy is differentiation in the market then OM efficiency goals must be supplanted by an emphasis on quality rather than efficiency and cost leadership. Concerning Marketing, when differentiation is the strategy then it must be internally as well as externally focused because service delivery quality depends so much on everyone understanding and being committed to the most positive customer experience.

HRM also has conflicts with Marketing's desire to offer customers many options to lure them in and keep them as customers. What HRM fears is that too many options require many different kinds of competencies—requiring different kinds of people be selected, different kinds of training be available, and so forth. When marketing is clear about the market segment of strategic interest then some of these tensions disappear because the offerings are more focused or targeted. Indeed, we noted that when the strategic segment is clear then a Marketing department may not be necessary with marketing being accomplished throughout the organization with the result being a market- or customer-oriented *firm* (Shah et al., 2006). The three keys to a market- or customer-oriented firm we listed were these:

1. Make marketing a line function.
2. Take internal marketing as seriously as external marketing.
3. Monitor indexes of both customer and employee satisfaction and how they relate to each other.

A key to decreasing some of these tensions is to have an internal audit of the way the three functions work together. Organizations seem to seek input from customers on how well they are doing in serving them but the internal audit, asking how functions serve each other is not very prominent—but should be. Such an audit produces an inventory that the different functions can share and discuss and try to work in ways that maximize the seamlessness of delivery from the customers' standpoint—after all it is service to customers that is the key to competitive advantage. Such audits produce information about the market segment being targeted, the contributions each function makes to focusing on the customer, the way service quality is going to be defined and each function's contributions to that definition, and explicit consultation with customers to validate the perspective developed. The service audit is then used to assess how well the firm is doing and a "service map" explicitly defining the steps in the service delivery sequence and each functions' role(s) in it can then be prepared as the defining document for delivery.

Coordination Tier-Chapter 9: Creating a Service Culture

48. Manage through culture, not managers
49. Avoid cultural schizophrenia
50. Use employees as sources of external market research
51. Empower your employees—the right way
52. Recognize that managing any one aspect of service in isolation will compromise seamlessness

53. Persist in coordinating a service culture

Symphony orchestras are a useful metaphor for what we wanted to accomplish in the book and make explicit in this chapter. The orchestra is a good metaphor for several reasons:

1. Orchestras have conductors who serve to coordinate the many different parts that need to be played to have the seamlessness required for excellence. It is the conductor's vision that all must adopt for excellence to emerge.
2. The parts being played by different musicians are NOT the same but it is from their exquisite individual excellence *and* exquisite coordination that something seamless and excellent emerges. One often hears that people must be "On the same page" but this is not useful. People need to be playing the notes they need to be playing and sensitive to the notes others play and the job of the conductor is to keep them functioning seamlessly together.
3. Conductors can't play each part or even monitor each and every player. Once the baton comes down for the piece to begin there is no stopping the unfolding of the piece. The players must know their own part and play it well without each and every note they play being managed; players must be empowered—and coordinated.

This chapter was all about how the seemingly disparate elements involved in service delivery to customers can be coordinated through a culture based on a service logic shared by the players.

Figure 3 shows the numerous layers at which culture in organizations functions (Schneider & Bowen, 1995, p. 239). There we see that at the deepest levels of the psychology of people in an organization reside the values, meanings and assumptions that hopefully they share. Then there are the routines and behaviors that get played out in different functions in the organization that impact eventually the behaviors employees reveal directly to customer with whom they interact. It is the core values, meanings, and assumptions that management is responsible for espousing—and in a service organization these concern the way people will be cared for and served regardless of whether those people are employees or customers. Then their behavior must be coordinated.

Who does the coordination? In our perspective it is a team of line managers, not staff managers, who must be responsible for this coordination. They must take responsibility for owning what the core values are and ensuring their implementation through the staff functions from which they require support so that the appropriate customer-centric service culture can be established. As in Chapter 8, the responsibilities of the different functions differ and it is the job of the line management coordination team that must ensure all players are playing the same piece—that the appropriate customer-centric culture is created.

VISIBILITY	CONTENT OF CULTURE	EXAMPLES
Surface Layer	Shared perceptions of messages sent by routines and behaviors	Customers and employees say that this restaurant has a really friendly atmosphere
	Routines and behaviors in OM, Marketing, HRM and so forth are designed by management to send messages reinforcing it's core values	Servicescape is inviting; Customer opinions are solicited; employees are trained and rewarded for being friendly to customers
Underlying Foundation	Core values, meanings and assumptions	Management espouses core values of caring for others

Figure 3. The service culture

We used the term "appropriate customer-centric culture" purposely just now. This means that not all service cultures must be the same to be competitively successful. This means that some service organizations will choose to be cost leaders while others will be quality leaders. The key to success is not the strategy chosen—the piece to be played, if you will—but carrying out the strategy more effectively than the competition. This also means, then, that not all employees in all strategies are equally empowered since in cost leadership and low contact, employee empowerment is less required than in a high quality and high contact world. Indeed there is recent research that shows that in low contact and highly tangible service facilities, it is less useful to have a positive service quality culture than when the service is high on *in*tangibility and characterized by high customer contact (Mayer, Ehrhart, & Schneider, 2009). So, the service culture you create must be appropriate for your strategy; not all cultures should be created equal but they should be created to win *your* service game.

Winning Service Remains a "Game Between Persons"

We will close this chapter the same way we began our book in 1995—by thinking of service in terms of the metaphor of a "game." Our choice years back was framed by Daniel Bell's (1973) prescient book, *The Coming of Post-Industrial Society,* in which he used the metaphor of a game to describe the transformation in the nature of work and organizations over the years. First, there was a "game against nature" in which skills of brawn and energy were needed for work such as farming and fishing. Then, with the advent of the industrial revolution, came the "game against fabricated nature." Now the game was between man and machine.

New forms of organization and new skills were necessary to coordinate the efforts of labor segmented by function and level. Particularly in the areas of management science and marketing, models of organization and delivery became quite sophisticated.

Then, in the 1970s, the nature of post-industrial work became what Bell expressed as a "game between persons"—between professional and client; clerk and customer. This game was very knowledge-based and required not just technical skills, but interpersonal skills such as empathy. A theme of this chapter is that even today, even with the advent of the new service science, service and the co-creation of value is still very much a game between persons. And if engineering, linear programming, operations and the like are *over*-emphasized then we run the risk of treating service as a game against fabricated nature.

One of the wonderful contributions of service science is to strongly advocate an integrated, systems perspective for designing the rules by which people play the service game. A summary thought as to how to apply that systems perspective is to answer three questions used to surface a "service logic" from its underlying separate logics (Kingman-Brundage, George, & Bowen, 1995):

Customer Logic—"What is the customer trying to do, and why?"
Employee Logic—"What are employees trying to do, and why?"
Technical Logic—"How are service outcomes produced, and why?"

The new service science can help design the principles and techniques by which the answers to these questions are surfaced and integrated to the benefit of all stakeholders. And certainly many of these principles will need to be highly technical and sophisticated. Yet, again, we should remain mindful of the people basics, many of which are covered by the seemingly simple rules we outlined here having to do with people and the contexts in which they function. Not all of service science has to be rocket science.

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