Combining Local and Global Expertise in Services

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INTRODUCTION

Since the 1990s, services characterized by a considerable geographical distance between the service person and the customer have become increasingly commonplace. Banks and insurance companies are introducing call centers or service centers to complement, or even replace, the old regional service organization. In the information and communication technology (ICT) sector, companies such as Fujitsu and IBM provide part of the end-user support for their clients from a few centralized call centers. Telecommunications operators have established call centers to serve their customers in conducting basic business transactions. To a large extent, the change in the 1990s can be attributed to ICT development. As call centers and local offices have equal access to all the information, many of the services that previously had to be provided locally can now come from a call center. Furthermore, this decade will bring new technologies that will further enhance capabilities to serve customers over long distances. They will, for instance, provide increasingly rich media for interaction between customers and remote service personnel.

This article investigates factors that need to be considered when moving service production from regional offices to service centers. The empirical part of the study comprises a longitudinal analysis of the ways how Fujitsu Invia, a European IS company within Fujitsu Group, has transformed its service organization. The company has moved a long way from local, site-specific service units to national service centers, and ultimately to a few global centers that provide services to thousands of computer users worldwide. In retrospect, it can be said that the decision to centralize service production turned out to be very successful. However, the reasons why Fujitsu Invia decided to return part of the end-user support closer to customer sites illustrates the complexities associated with centralizing services that were previously produced locally.

BACKGROUND

The ability to centralize services appears to provide a cure for some of the traditional problems of service organizations. Managers of distributed service organizations are painfully aware of the difficulties to maintain an equal level of knowledge among all individual service persons in all regional offices. Centralizing the services to a call center or service center seems like an easy solution for ensuring that all customers receive equal service.

The more complex the services are, the more difficult it becomes to maintain equal knowledge in all regional offices. Hence, the analysis of forces for specialization among service staff is one of the key issues when considering the potential advantages of centralizing service production. Because of the special expertise necessary to solve the specific problems they encounter, professional service providers need a high level of specialization (Koelemeijer & Vriens, 1998). Factors that increase service complexity and thus pressure for specialization include (Mäkelin & Vepsäläinen, 1989), for instance,

1. diversity in customer needs and requests,
2. variety in the services available,
3. the number of situational factors that need to be considered,
4. uncertainty related to customer needs and circumstances,
5. the ability of the customer to define the services, and
6. the complexity of contracts used for governing the transactions.

In essence, complexity makes it difficult for a generalist service person to be able to handle all possible inquiries from all customers adequately. While generalists can deal with routine cases, specialists are needed to handle the difficult and unique cases. The main problem for producing complex services in regional offices is that it is difficult to maintain highly specialized knowledge in every regional office. The most forceful argument for establishing a service center is that the customer with a unique problem can talk

with a global specialist rather than with a local generalist. In addition, the cost savings that can be achieved in regional offices (office space, service personnel) are often sufficient to make the projects acceptable in terms of financial profitability measures.

In this chapter we suggest, however, that managers should also pay considerable attention to the opposite forces as well, that is, forces for providing local service. An obvious reason for providing services locally is that the service has a physical component and thus requires presence close to the customer. There are, however, many soft issues that may also make the customers prefer a local and personal service. In face-to-face discussions, information can be communicated with multiple cues like the sound of voice, facial expressions, and body language. Thus, the richness of communication media is very high (Daft & Lengel, 1986; Huang, Watson, & Wei, 1998). In this respect, the need to rely on conversations over phone or e-mail may have a negative impact on the quality of service.

A TYPOLOGY OF SERVICE ORGANIZATIONS

The typology that is suggested in this article is based on forces for providing local service and forces for specialization among service staff. Figure 1 provides a typology of four ideal types of service organizations, each designed to take into account the particular nature of service situations. Each organizational type has its strengths as well as its typical ways of using technology. More often than not, service organizations provide a mix of services for their customers. Some of the services provided may require local presence and some of them specialization. Thus, the objective is not to locate the whole company to a single quadrant. Rather, it is essential to identify all services that are provided to customers and to locate each of them to the right quadrant.

A *traditional branch office* is best suited to relatively simple service situations that require local presence. In simple services, the local generalist service persons are able to provide sufficient service quality. The quality and profitability of service is ensured by replicating and controlling precisely defined activity cycles, personal selling approaches, inventory control patterns, and counter display techniques (Quinn & Paquette, 1990). The possibilities for more stringent specialization are limited because a relatively small number of service personnel in one office have to deal with a full variety of customer inquiries.

In a *call center*, service personnel are centralized to one physical location. Part of the service personnel is moved from regional offices to a physical location to answer a definite set of requests from customers. The change is usually motivated by a managers' observation that some of the simple services are such that customers don't really expect to be served locally. The objectives for establishing a call center are a reduced cost of service, extended contact hours, and standardized quality. As the services provided are fairly simple, there is no need for specialization between service personnel: Any service person can solve any incoming customer inquiry.

A *service center* type of organization takes advantage of the fact that one centralized unit handling inquiries from

Figure 1. Simple typology of service organizations