CRISIS AT A LOCAL BARBERSHOP

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Synopsis
It was April and azaleas were blooming everywhere, but Tim Peterson was not enjoying the beauty around him. He was looking at sales at his one-person barbershop and was frustrated. He simply did not know what to do— he had bills to pay and little in his checking account. He had built a successful business and been in the same location ten years with as much business as he could handle for that time. Revenues had fallen by half in three weeks and he knew his business was in trouble. This had never happened before— sales had not fallen that far and rapidly in his years at the location. The customers were not coming through the front door now that a new barbershop had opened up only a couple of blocks away. They also offered introductory pricing of $12, which was $2 lower than what he charged. This was serious!

Learning Outcomes
In completing this assignment, students should be able to:

1. Define service quality and explain the difference between the marketing of services (such as a barber shop) compared to the marketing of a product.
2. Identify the challenges faced in maintaining service quality.
3. Apply queuing models to determine at least some dimensions of service quality assuming one and then two servers.
4. Discuss the competitive environment and identify the interconnections between operations and marketing.

Application
This case looks at the interconnections between operations and marketing. It is appropriate for students in an undergraduate operations management course after coverage of queuing models, as well as service marketing and service management courses.

Key Words
service quality, waiting lines, operations and marketing

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