Summer 2013 Newsletter

INFORMS Behavioral Operations Management Section

If you have any information for the next issue of this semiannual newsletter please forward an announcement to kschultz@afit.edu.

Old copies of the newsletter will soon be found at the Section Website https://www.informs.org/Community/BOM

General topics include:  A. People   B. Places (Meetings)   C. Things (Research)

A. People:

1. Aleda Roth, the distinguished Burlington Industries Professor of Supply Chain Management in Clemson University’s College of Business and Behavioral Science, was named Texas A&M University Institute for Advanced Study Faculty Fellow <http://tias.tamu.edu/facultyfellow> at its inaugural class and will be in residence at Texas A&M during fall 2013. Aleda joins eminent researchers who include a Nobel Laureate, members of the National Academies of Engineering and of Sciences, the American Academy of Arts and Sciences and a fellow of the Royal Society in England.

2. Jenna, the 7 year old daughter of Craig Carter of Arizona State University scrambled to the top of Mt Antero, Colorado.

3. Kyle Hyndman has accepted a job at the University of Texas, Dallas, Naveen Jindal School of Business. (Photo from Kyle’s website.)
4. Yan Zhang has accepted a position at Tsinghua University, China.

5. Enno Siemsen won the Best Presentation award at the 8th Annual Behavioral Operations Conference for his talk “Task Decomposition and Newsvendor Decision Making”. This is the second time Enno was won the Best Presentation award. The award is sponsored by the POMS College of Behavior in Operations Management.

6. Thomas Kull has been earned the rank of Associate Professor with Tenure at Arizona State University.

8. Mirko Kremer reports “I sold a Porsche, a Mercedes, and an Isuzu, and now am without car. However, I am in the process of acquiring a baby.” Perhaps he is getting a Beemer.

7. Pooja, the daughter of Rohit Verma, has graduated and will begin a degree in biology at Cornell University in the fall.

8. Diana Wu has earned tenure at The University of Kansas.

9. Dr. Ken Schultz (AFIT) and Dr. Ken Doerr (NPS) are experiencing the Furlough Blues. Under an odd twist of the law, working during certain hours of the week becomes a Federal crime. So, if you see either of the Kens, for heaven’s sake, don’t ask them to think - at least, not on their furlough day. Instead, join them in singing HR Told Me not to Come, words by John Reisner, music here http://youtu.be/rKaQzQAlNn4.

Want some risky, bad behavior? Then try a workin’ spree!
All these crazy regulations
They’ve been tellin’ me...
This is the craziest fiscal year
There ever could be
Don’t turn on your lights
You don’t want em to see

HR told me not to come
HR told me not to come
“You cannot work just for fun, no”

Sneak in during furlough,
Just tip-toe into your room
A forced, unpaid vacation
‘Cuz o’ fiscal doom-and-gloom?
And I’m not really joking,
my paycheck is bereft
I’m blamin’ politicians,
On the right and on the left

HR told me not to come
HR told me not to come
“You cannot work just for fun, son”
“You cannot work for no sum, son”

My paycheck sum is lackin’:
Tighten belts a little more
I ain’t been paid so low
Since I swept the Wal-Mart floor!
I seen more open spaces
Than I’ve ever seen before
In the parking lot on Fridays
So I’m parking near the door

HR told me not to come
HR told me not to come
They said, “Just go out and have some fun”
“You can’t be working for fun, no...”
B. Places

1. 2013 INFORMS Annual Conference

The annual INFORMS meeting will be held October 6-9 in Minneapolis, MN. There is a behavioral cluster organized by Andrew Davis, consisting of 14 invited sessions, along with a number of contributed papers. Some of the session titles include “Incentives in Sourcing,” “Contracts and Non-Monetary Motivations in Behavioral Operations,” “B2B Pricing,” and “Demand Forecasting: Managerial and Customer Behavior.” This year the cluster will also include a session where the selected finalists for the “Behavioral Operations Working Paper Competition,” will present their papers.

We would like to thank all of the individuals who agreed to chair sessions: Tony Cui / Diana Wu, Karen Donohue, Robert Batt, Wedad Elmaghraby / Anna Devlin, Jordan Tong, Julie Niederhoff, Mirko Kremer, Jan Fransoo, and Steve Leider. Special thanks to Elena Katok and Anton Ovchinnikov, who volunteered to chair two sessions apiece.

2. 2013 Behavioral Operations Conference

The 8th Annual Behavioral Operations Conference was held on June 27-29th at the University of Michigan’s Ross School of Business. A total of 41 faculty and 30 students participated in the conference. The main conference included fourteen submitted talks on a variety of topics, as well as keynote addresses by Justin Wolfers discussing international patterns in well-being and William Lovejoy on the contributions of and opportunities for behavioral operations. The conference also included the second annual Young Scholars Workshop, attended by fifty students and faculty. The workshop began with tutorials given by Yan Chen on crowd-sourcing platforms and Karen Donohue discussing experiments on supply chain management. The workshop also included small “research incubator” groups where students and faculty presented 18 early and mid-stage research projects to receive constructive feedback. Next year’s conference will be held in Cologne, Germany.

3. 2014 Behavioral Operations Conference

The Summer Conference, the 9th Annual Conference on Behavioral Research in Operations Management, will be hosted by the DFG Research Unit “Design and Behavior –Economic Engineering of Firms and Markets” at the University of Cologne in Cologne, Germany on June 12-14. The goal of this conference is to bring together researchers with a common interest in the operations interface between human behavior studies and analytical modeling, with the aim of sharing current work, identifying new research problems, and developing relationships between scholars in the field.

The conference will follow the same format as last year: a one day Young Scholars Workshop (June 12th) and a two day main conference (June 13th – 14th). The workshop will consist of two tutorials on Behavioral Research in the morning, following by a research incubator in the afternoon where young scholars can present early and mid-stage
projects and receive feedback. We especially encourage all conference participants to attend the research incubator and share their insights. Thanks to funding by the DFG Research Unit – Economic Engineering of Firms and Markets http://economicdesign.uni-koeln.de/ we can reduce the conference fees this year (faculty 100 €, students 50 €). The conference website will be up soon. See you all in Europe.

4. 2014 POMS Annual Conference

The 2014 POMS Annual Conference will be held at the Marriott Marquis in Atlanta from May 9-12. Karen Zheng and Mirko Kremer are organizing sessions. We will have a one day mini-conference the day before the main conference begins.

C. Things:

We will use this forum to keep members updated on papers published in the area of Behavioral Operations Management. This is a great opportunity for you to get the word out on your research. Papers qualify if they are aimed principally for an Operations Management audience and if they explicitly include consideration of behavioral factors other than strict profit maximizing, or if they empirically test that assumption. Normally we include papers on individual, not organizational behavior but for the purposes of this newsletter we will accept both. Papers do NOT have to be empirical.

Please send citations and abstracts of any paper you publish in 2012 to KSchultz@afit.edu


ABSTRACT: Design rework is a core phenomenon in new product development (NPD). Yet carrying out design rework presupposes recognizing the need for it. I characterize the types of interpersonal knowledge transfer that help developers realize the need for design rework in NPD. As predicted by the NPD literature, I find that individuals who interact frequently with colleagues to address their task interdependences are more likely to realize the need for rework. I also learn that interacting with colleagues who have different expertise in process-related knowledge (as opposed to product-related knowledge) facilitates realizing the need for rework. However, to develop a deeper understanding of how individuals recognize the need for rework when interacting with others, we must expand our views beyond task interdependence and expertise-related factors. In particular, organizational variables—both formal and informal—play a significant role. With respect to formal hierarchical structures, actors of superior rank are less likely to realize the need for rework regardless of whether or not their interacting partner is of superior rank; however, actors of superior rank are more likely to trigger realizing the need for rework when interacting with partners of subordinate rank. By examining an organization’s informal structure, I discover that the social “embeddedness” of developers (i.e., the energy and attention invested in a dyadic relationship) significantly influences their propensity to realize the need for rework. Several hypotheses are tested in a sociometric study conducted within the development department of a software company, and I discuss the implications for behavioral operations in NPD.

The value of demand information underlies many supply chain strategies that aim at better matching supply and demand. This paper reports on the results of a laboratory experiment designed to estimate the behavioral value of demand information. Relative to the commonly assumed benchmark of a rational risk-neutral decision maker, we find that decision makers are consistently willing to pay too much for the option to eliminate the risk of supply not matching demand. Contrary to intuition, we show that risk aversion does not explain this result. We posit that demand information provides behavioral value because it mitigates regret from ex-post inventory errors.


This study examines the effect that verbal scripts have on customer perceived service quality for two distinct service process types. We designed a video experiment that varied the level of verbal scripting for standardized and customized service encounters. We found that in standardized service encounters, an increase in the level of verbal scripting had no effect on perceived service quality. However, for customized encounters, perceived service quality was impacted. More specifically, a predominantly scripted encounter for customized service processes, on average, resulted in the lowest perception of service quality by respondents. Since verbal scripting was shown to impact customer perceptions of service quality, we suggest that a service provider's decision regarding the degree of verbal scripting is an important service design consideration.


Service scripts are predetermined guides for employees to follow when delivering service to customers. Some services require employees to strictly follow a script, whereas others use scripts more flexibly, if at all. Extant research regarding service scripts in the domain of service operations has mainly addressed the topic from more of a process view as a control mechanism for the encounter but minimal research has examined customer perceptions of scripted service. The authors examine a pivotal first question, which is if customers can detect different approaches to script use. To answer the question, the authors conducted a video experiment of face-to-face service encounters in the hospitality industry. The results indicate that customers can detect degrees of script use across both standardized and customized encounter types. This work serves as initial empirical evidence that customers are indeed capable of detecting subtleties in scripting approaches in different service situations and supports that script level is an important service design construct for research. Furthermore, the authors highlight the use of a video experiment as an innovative methodology for assessing customer perceptions of intangible aspects to services in a realistic setting. One implication of this study is that managers need to assess the impact that different script levels have on customer perceptions of various service performance measures. Managers should also consider the effect script detection has on customer perceptions of the service experience and service brand to assure their script approach aligns with the organization’s service strategy.


This research analyzes how individual differences affect performance in judgmental time-series forecasting. Decision makers with the ability to balance intuitive judgment with cognitive deliberation, as measured by the Cognitive Reflection Test, tend to have lower forecast errors. This relationship holds when controlling for intelligence. Further, forecast errors increase for very fast or very slow decisions. We provide evidence that forecast performance can be improved by manipulating decision speed.

When bidders incur a cost to learn their valuations, bidder entry can impact auction performance. Two common selling mechanisms in this environment are an English auction, and a sequential bidding process. Bulow and Klemperer (2009) show, theoretically, that sellers should prefer the auction, because it generates higher expected revenues, while bidders should prefer the sequential mechanism, because it generates higher expected bidder profits. We compare the two mechanisms in a controlled laboratory environment, varying the entry cost, and find that, contrary to the theoretical predictions, average seller revenues tend to be higher under the sequential mechanism, while average bidder profits are approximately the same. We identify three systematic behavioral deviations from the theoretical model: (1) in the auction, bidders do not enter 100% of the time, (2) in the sequential mechanism, bidders do not set pre-emptive bids according to the predicted threshold strategy, and (3) subsequent bidders tend to over-enter in response to pre-emptive bids by first bidders. We develop a model of noisy bidder entry costs that is consistent with these behaviors, and show that our model organizes the experimental data well.