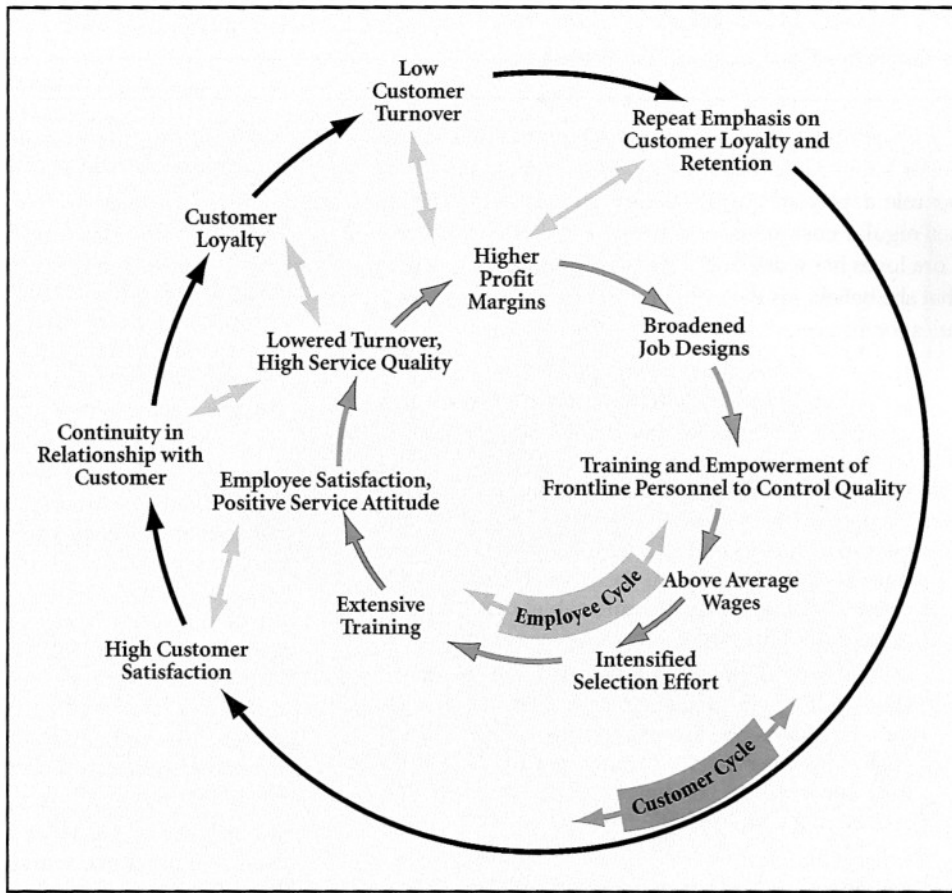


The Cycle of Success



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its marketing efforts on reinforcing customer loyalty through customer-retention strategies. These strategies are usually much more profitable than strategies for attracting new customers. Public service organizations in many countries are increasingly working toward cycles of success, too, and offer their users good-quality service at a lower cost to the public.²²

A powerful demonstration of a front-line employee working in the cycle of success is waitress Cora Griffith (featured in Best Practice in Action 11.1). Many of the themes in her nine rules of success are the result of good HR strategies for service firms, which we will discuss next.

HUMAN RESOURCES MANAGEMENT—HOW TO GET IT RIGHT

Any rational manager would like to operate in the cycle of success. In this section we'll discuss HR strategies that can help service firms move toward that goal. Specifically, we'll discuss how firms can hire, motivate, and retain engaged service employees who are willing and able to perform along the three common dimensions of their jobs: delivering service excellence/customer satisfaction, productivity, and often sales as well. Figure 11.7 summarizes our main recommendations for successful HR strategies in service firms.

Also, it's naïve to think that it's sufficient to satisfy employees. Employee satisfaction should be seen as necessary but not sufficient for having high-performing

BEST PRACTICE IN ACTION 11.1

Cora Griffith—The Outstanding Waitress

Cora Griffith, a waitress for the Orchard Café at the Paper Valley Hotel in Appleton, Wisconsin, is superb in her role, appreciated by first-time customers, famous with her regular customers, and revered by her co-workers. Cora loves her work, and it shows. Comfortable in a role that she believes is the right one for her, she follows nine rules for success:

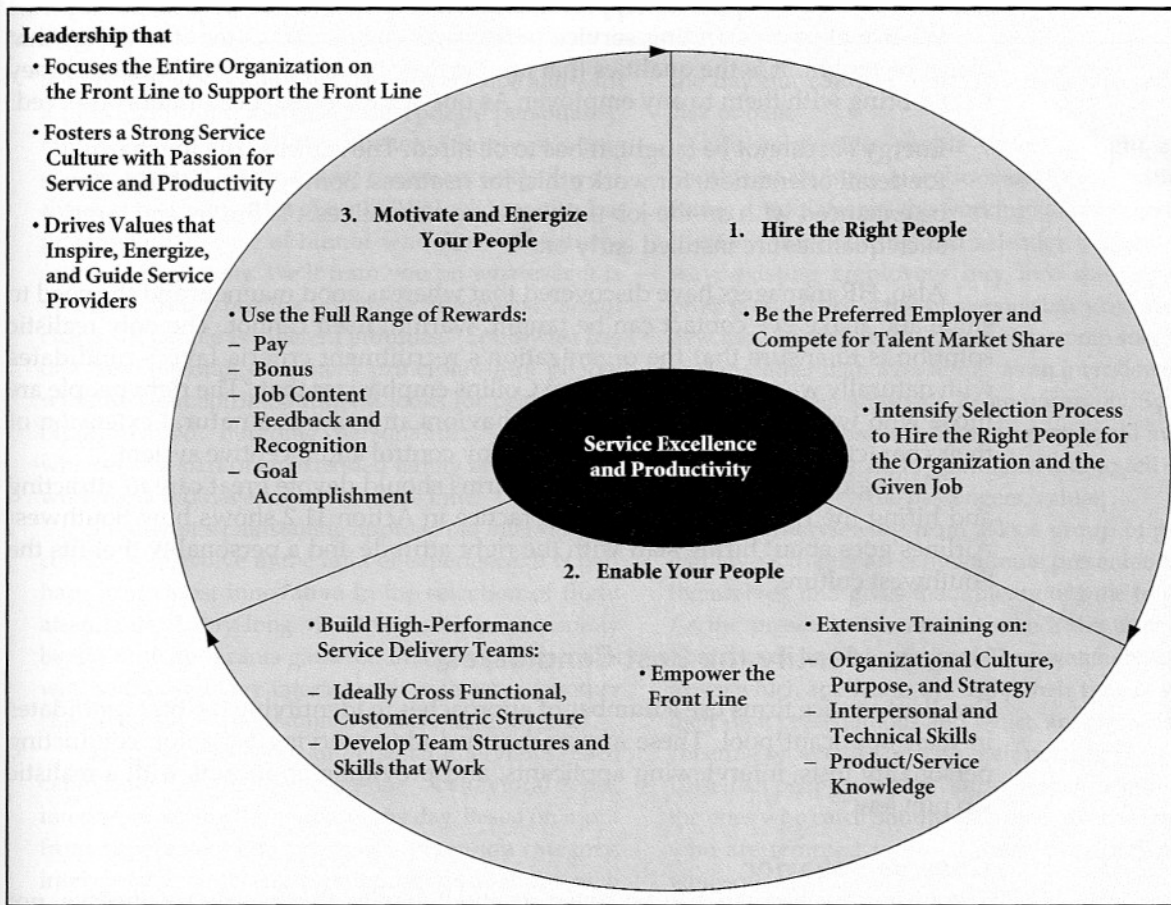
1. *Treat customers like family.* First-time customers are not allowed to feel like strangers. Cheerful and proactive, Cora smiles, chats, and includes everyone at the table in the conversation. She is as respectful to children as she is to adults and makes it a point to learn and use everyone's name. "I want people to feel like they're sitting down to dinner right at my house. I want them to feel they're welcome, that they can get comfortable, that they can relax. I don't just serve people, I pamper them."
2. *Listen first.* Cora has developed her listening skills to the point that she rarely writes down customers' orders. She listens carefully and provides a customized service: "Are they in a hurry? Or do they have a special diet or like their selection cooked in a certain way?"
3. *Anticipate customers' wants.* Cora replenishes beverages and brings extra bread and butter in a timely manner. One regular customer, for example, who likes honey with her coffee, gets it without having to ask. "I don't want my customers to have to ask for anything, so I always try to anticipate what they might need."
4. *Simple things make the difference.* She manages the details of her service, monitoring the cleanliness of the utensils and their correct placement. The fold of napkins must be just right. She inspects each plate in the kitchen before taking it to the table. She provides crayons for small children to draw pictures while waiting for the meal. "It's the little things that please the customer."
5. *Work smart.* Cora scans all her tables at once, looking for opportunities to combine tasks. "Never do just one thing at a time. And never go from the kitchen to the dining room empty-handed. Take coffee or iced tea or water with you." When she refills one water glass, she refills others. When clearing one plate, she clears others. "You have to be organized, and you have to keep in touch with the big picture."
6. *Keep learning.* Cora makes an ongoing effort to improve her existing skills and learn new ones.
7. *Success is where you find it.* Cora is content with her work. She finds satisfaction in pleasing her customers, and she enjoys helping other people enjoy. Her positive attitude is a positive force in the restaurant. She is hard to ignore. "If customers come to the restaurant in a bad mood, I'll try to cheer them up before they leave." Her definition of success: "To be happy in life."
8. *All for one, one for all.* Cora has been working with many of the same co-workers for more than eight years. The team supports one another on the crazy days when 300 conventioners come to the restaurant for breakfast at the same time. Everyone pitches in and helps. The wait staff cover for one another, the managers bus the tables, the chefs garnish the plates. "We are like a little family. We know each other very well and we help each other out. If we have a crazy day, I'll go in the kitchen towards the end of the shift and say, 'Man, I'm just proud of us. We really worked hard today.'"
9. *Take pride in your work.* Cora believes in the importance of her work and in the need to do it well. "I don't think of myself as 'just a waitress.' . . . I've chosen to be a waitress. I'm doing this to my full potential, and I give it my best. I tell anyone who's starting out: Take pride in what you do. You're never just an anything, no matter what you do. You give it your all . . . and you do it with pride."

Cora Griffith is a success story. She is loyal to her employer and dedicated to her customers and co-workers. A perfectionist who seeks continuous improvement, Cora's enthusiasm for her work and unflagging spirit creates an energy that radiates through the restaurant. She is proud of being a waitress, proud of "touching lives." Says Cora: "I have always wanted to do my best. However, the owners really are the ones who taught me how important it is to take care of the customer and who gave me the freedom to do it. The company always has listened to my concerns and followed up. Had I not worked for the Orchard Café, I would have been a good waitress, but I would not have been the same waitress."

Source: Leonard L. Berry, *Discovering the Soul of Service—The Nine Drivers of Sustainable Business Success*. New York: The Free Press, 1999, pp. 156–159.

staff. For instance, a recent study showed that employee effort was a strong driver of customer satisfaction, over and above employee satisfaction.²³ As Jim Collins said, "The old adage, 'People are your most important asset,' is wrong. The *right* people are your most important asset." We would like to add to this: ". . . and the wrong people are a liability that is often difficult to get rid of." Getting it right starts with hiring the right people.

Figure 11.7 Wheel of Successful HR in Service Firms



Hiring the Right People

Hiring the right people includes competing for applications from the best employees in the labor market, then selecting from this pool the best candidates for the specific jobs to be filled.

Be the Preferred Employer

To be able to select and hire the best people, they first have to apply for a job with you and then accept your job offer over others (the best people tend to be selected by several firms). That means a firm has to compete first for talent market share,²⁴ engaging in, as McKinsey & Company call it, “the war for talent.”²⁵ Competing in the labor market means having an attractive value proposition for prospective employees, and includes factors such as having a good image as a place to work, as well as delivering high-quality products and services that make employees proud to be part of the team.

Furthermore, the compensation package cannot be below average—top people expect above-average packages. In our experience, it takes a salary in the range of the 65th to 80th percentile of market wages for a particular type of position to attract top performers to top companies. However, a firm does not have to be a top paymaster, if other important aspects of the value proposition are attractive. In short, understand the needs of your target employees and get your value proposition right.

Select the Right People

There’s no such thing as the perfect employee. Different positions are often best filled by people with different skill sets, styles, and personalities. For example, The Walt Disney Company assesses prospective employees in terms of their potential for on-stage

or backstage work. On-stage workers, known as cast members, are assigned to those roles for which their appearance, personalities, and skills provide the best match.

What makes outstanding service performers so special? Often it is things that *cannot* be taught. It is the qualities that are intrinsic to the people, and qualities they would bring with them to any employer. As one study of high performers observed:

Energy . . . cannot be taught, it has to be hired. The same is true for charm, for detail orientation, for work ethic, for neatness. Some of these things can be enhanced with on-the-job training . . . or incentives. . . . But by and large, such qualities are instilled early on.²⁶

Also, HR managers have discovered that whereas good manners and the need to smile and make eye contact can be taught, warmth itself cannot. The only realistic solution is to ensure that the organization's recruitment criteria favors candidates with naturally warm personalities. Jim Collins emphasizes that "The right people are those who would exhibit the desired behaviors anyway, as a natural extension of their character and attitude, regardless of any control and incentive system."²⁷

The logical conclusion is that service firms should devote great care to attracting and hiring the right candidates. Best Practice in Action 11.2 shows how Southwest Airlines goes about hiring staff with the right attitude and a personality that fits the Southwest culture.

How to Identify the Best Candidates

Excellent service firms use a number of approaches to identifying the best candidates in their applicant pool. These approaches include observing behavior, conducting personality tests, interviewing applicants, and providing applicants with a realistic job preview.²⁸

Observe Behavior

The hiring decision should be based on the behavior that recruiters observe, not the words they hear. As John Wooden said, "Show me what you can do, don't tell me what you can do. Too often, the big talkers are the little doers."²⁹ Behavior can be observed directly or indirectly, by using behavioral simulations or assessment center tests, which use standardized situations in which applicants can be observed to see whether they display the kind of behaviors the firms' clients expect. Also, past behavior is the best predictor of future behavior: Hire the person who has won service excellence awards, received many complimentary letters, and has great references from past employers.

Conduct Personality Tests

Use personality tests that are relevant for a particular job. For example, willingness to treat customers and colleagues with courtesy, consideration, and tact, perceptiveness of customer needs, and ability to communicate accurately and pleasantly are traits that can be measured. Hiring decisions based on such tests tend to be accurate.

For example, the Ritz-Carlton Hotels Group uses personality profiles on all job applicants. Staff are selected for their natural predisposition for working in a service context. Inherent traits such as a ready smile, a willingness to help others, and an affinity for multitasking enable them to go beyond learned skills. An applicant to Ritz-Carlton shared her experience of going through the personality test for a job as a junior-level concierge at the Ritz-Carlton Millenia Singapore. Her best advice: Tell the truth. These are experts; they will know if you are lying. "On the big day, they asked if I liked helping people, if I was an organized person and if I liked to smile a lot." Yes, yes and yes, I said. But I had to support it with real life examples. This, at times, felt rather intrusive. To answer the first question for instance, I had to say a bit about the person I had helped—why she needed help, for example. The test forced me to recall even insignificant things I had done, like learning how to say hello in different languages which helped to get a fix on my character."³⁰ It's better to hire

BEST PRACTICE IN ACTION 11.2

Hiring at Southwest Airlines

Southwest hires people with the right attitude and with a personality that matches its corporate personality. Humor is the key. Herb Kelleher, Southwest's legendary former CEO and now chairman, said, "I want flying to be a helluva lot of fun!" "We look for attitudes; people with a sense of humor who don't take themselves too seriously. We'll train you on whatever it is you have to do, but the one thing Southwest cannot change in people is inherent attitudes." Southwest has one fundamental, consistent principle—hire people with the right spirit. Southwest looks for people with other-oriented, outgoing personalities, individuals who become part of an extended family of people who work hard and have fun at the same time.

Southwest's painstaking approach to interviewing continues to evolve in the light of experience. It is perhaps at its most innovative in the selection of flight attendants. A day-long visit to the company usually begins with applicants gathered in a group. Recruiters watch how well they interact with each other (another chance for such observation will come at lunchtime).

Then comes a series of personal interviews. Each candidate has three one-on-one "behavioral-type" interviews during the course of the day. Based on input from supervisors and peers in a given job category, interviewers target eight to ten dimensions for each position. For a flight attendant, these might include a willingness to take initiative, compassion, flexibility, sensitivity to people, sincerity, a customer service orientation, and a predisposition to be a team player. Even humor is "tested": Prospective employees are typically asked, "Tell me how you recently used your sense of humor in a work environment. Tell me how you have used humor to defuse a difficult situation."

Southwest describes the ideal interview as "a conversation," in which the goal is to make candidates comfortable. "The first interview of the day tends to be a bit stiff, the second is more comfortable, and by the third they tell us a whole lot more. It's really hard to fake it under those circumstances." The three interviewers don't discuss candidates during

the day but compare notes afterward, to reduce the risk of bias.

To help select people with the right attitude, Southwest invites supervisors and peers (with whom future candidates will be working) to participate in the in-depth interviewing and selection process. In this way, existing employees buy into the recruitment process and feel a sense of responsibility for mentoring new recruits and helping them to become successful in the job (rather than wondering, as an interviewer put it, "who hired this turkey?"). More unusually, Southwest invites its own frequent flyers to participate in the initial interviews for flight attendants and to tell the candidates what they, the passengers, value.

The interviewing team asks a group of potential employees to prepare a five-minute presentation about themselves, and gives them plenty of time to prepare. As the presentations are delivered, the interviewers don't watch just the speakers. They watch the audience to see which applicants are using their time to work on their own presentations and which are enthusiastically cheering on and supporting their potential co-workers. Unselfish people who will support their teammates are the ones who catch Southwest's eyes, not the applicants who are tempted to polish their own presentations while others are speaking.

By hiring the right attitude, the company is able to foster the so-called Southwest spirit—an intangible quality in people that causes them to want to do whatever it takes and to want to go that extra mile whenever they need to. Southwest itself goes the extra mile for its employees and has never laid anyone off, even after it decided to close reservations centers in three cities in 2004 to cut costs. Management knows that the airline's culture is a key competitive advantage.

Sources: Kevin and Jackie Freiberg, *Nuts! Southwest Airlines' Crazy Recipe for Business and Personal Success*. New York: Broadway Books, 1997, pp. 64–69; Christopher Lovelock, *Product Plus*. New York: McGraw-Hill, 1994, pp. 323–326; Barney Gimbel, "Southwest's New Flight Plan." *Fortune*, May 16, 2005, pp. 93–98.

upbeat and happy people, because customers report higher satisfaction when being served by more satisfied staff.³¹

Apart from intensive interview-based psychological tests, cost-effective Internet-based testing kits are available. In these, applicants enter their test responses to a Web-based questionnaire, and the prospective employer receives the analysis, an appraisal of the candidate's suitability, and a hiring recommendation. Developing and administering such tests has become a significant service industry in its own right. The leading global supplier of assessment products, SHL Group, serves some 5,500 clients in 30 languages in more than 40 countries.

Employ Multiple, Structured Interviews

To improve hiring decisions, successful recruiters like to employ structured interviews built around job requirements, and to use more than one interviewer. People tend to be more careful in their judgments when they know that another individual is also evaluating the same applicant. Another advantage of using two or more interviewers is that it reduces the risk of “similar to me” biases—we all like people who are similar to ourselves.

Give Applicants a Realistic Preview of the Job

During the recruitment process, service companies should let candidates know the reality of the job,³² thereby giving them a chance to “try on the job” and assess whether it’s a good fit. At the same time, recruiters can observe how candidates respond to the job’s realities. This approach allows some candidates to withdraw if they determine that the job is not suitable for them. At the same time, the company can manage new employees’ expectations of their job. Many service companies adopt this approach. For example, Au Bon Pain, a chain of French bakery cafés, lets applicants work for two paid days in a café prior to the final selection interview. Managers can observe candidates in action, and candidates can assess whether they like the job and the work environment.³³

Train Service Employees Actively

If a firm has good people, investments in training can yield outstanding results. Service champions show a strong commitment to training, in words, dollars, and action. As Benjamin Schneider and David Bowen put it, “The combination of attracting a diverse and competent applicant pool, utilizing effective techniques for hiring the most appropriate people from that pool, and then training the heck out of them would be gangbusters in any market.”³⁴ Service employees need to learn:

- *The organizational culture, purpose, and strategy.* Start strong with new hires, and focus on getting emotional commitment to the firm’s core strategy. Promote core values such as commitment to service excellence, responsiveness, team spirit, mutual respect, honesty, and integrity. Use managers to teach, and focus on “what,” “why,” and “how” rather than on the specifics of the job.³⁵ For example, new recruits at Disneyland attend the Disney University Orientation. The program starts with a detailed discussion of the company’s history and philosophy, the service standards expected of cast members, and a comprehensive tour of Disneyland’s operations.
- *Interpersonal and technical skills.* Interpersonal skills tend to be generic across service jobs, and include visual communications skills such as making eye contact, attentive listening, body language, and even facial expressions. Technical skills encompass all the required knowledge related to processes (e.g., how to handle a merchandized return), machines (e.g., how to operate the terminal, or cash machine), and rules and regulations related to customer service processes. Both technical and interpersonal skills are *necessary*, but neither alone is *sufficient* for optimal job performance.³⁶
- *Product/service knowledge.* Knowledgeable staff are a key aspect of service quality. They must be able to explain product features effectively and also position the product correctly. For instance, in Best Practice in Action 11.3, Jennifer Grassano of Dial-A-Mattress coaches individual staff members on how to paint pictures in the customer’s mind.

Of course, training has to result in tangible changes in behavior. If staff do not apply what they have learned, the investment is wasted. Learning is not only about becoming smarter, it is also about changing behaviors and improving decision making. To achieve this, practice and reinforcement are needed. Supervisors can play a crucial role by following up regularly on learning objectives, for

BEST PRACTICE IN ACTION 11.3

Coaching at Dial-A-Mattress

Coaching is a common method employed by services leaders to train and develop staff. Dial-A-Mattress's Jennifer Grassano is a bedding consultant (BC) three days a week, and a coach to other BCs one day a week. She focuses on staff whose productivity and sales performance are slumping.

Grassano's first step is to listen in on the BCs telephone calls with customers. She listens for about an hour and takes detailed notes on each call. The BCs understand that their calls may be monitored, but they receive no advance notice; that would defeat the purpose.

Next, Grassano conducts a coaching session with the staff member, in which strengths and areas for improvements are reviewed. She knows how difficult it is to maintain a high energy level and convey enthusiasm when handling some 60 calls per shift. She likes to suggest new tactics and phrasings "to spark up their presentation." One BC was not responding effectively when customers asked why one mattress was more expensive than another. Here, she stressed the need to paint a picture in the customer's mind:

"Customers are at our mercy when buying bedding. They don't know the difference between one coil system and another. It is just like buying a carburetor for my car. I don't even know what a carburetor looks like. We have to use very descriptive words to help bedding customers make the decision that is right for them. Tell the customer that the more costly mattress has richer, finer padding with a blend of silk and wool. Don't just say the mattress has more layers of padding."

About two months after the initial coaching session, Grassano conducts a follow-up monitoring session with that BC. She then compares the BC's performance before and after the coaching session to assess the effectiveness of the training.

Grassano's experience and productivity as a BC give her the credibility as a coach. "If I am not doing well as a BC, then who am I to be a coach? I have to lead by example. I would be much less effective if I was a full-time trainer." She clearly relishes the opportunity to share her knowledge and pass on her craft.

Source: Leonard L. Berry, *Discovering the Soul of Service—The Nine Drivers of Sustainable Business Success*. New York: The Free Press, 1999, pp. 171–172.

instance, meeting with staff to reinforce key lessons from recent complaints and compliments (Figure 11.8).

Training and learning professionalizes the front line, moving these individuals away from the common (self)-image of being in low-end jobs that have no significance. Well-trained employees are and feel like professionals. A waiter who knows

Figure 11.8
Morning Briefings by
a Supervisor Offer
Effective Training
Opportunities



about food, cooking, wines, dining etiquette, and how to interact effectively with customers (even complaining ones) feels professional, has higher self-esteem, and is respected by his customers. Training is therefore extremely effective in reducing person/role stress.

Empower the Front Line

Virtually all breakthrough service firms have legendary stories of employees who recovered failed service transactions, or walked the extra mile to make a customer's day, or avoid some kind of disaster for that client (for an example, see Best Practice in Action 11.4—Empowerment at Nordstrom).³⁷ To allow this to happen, employees have to be empowered. Nordstrom trains and trusts its employees to do the right thing and empowers them to do so. Its employee handbook has only one rule: "Use good judgment in all situations." Employee self-direction has become increasingly important, especially in service firms, because front-line staff frequently operate on their own, face to face with their customers, and it tends to be difficult for managers to monitor their behavior closely.³⁸ Research has also linked high empowerment to higher customer satisfaction.³⁹

For many services, providing employees with greater discretion (and training in how to use their judgment) enables them to provide superior service on the spot, rather than taking time to get permission from supervisors. Empowerment looks to front-line staff to find solutions to service problems, and to make appropriate decisions about customizing service delivery.

Is Empowerment Always Appropriate?

Advocates claim that the empowerment approach is more likely to yield motivated employees and satisfied customers than the "production-line" alternative, in which management designs a relatively standardized system and expects workers to execute tasks within narrow guidelines. However, David Bowen and Edward Lawler

BEST PRACTICE IN ACTION 11.4

Empowerment at Nordstrom

Van Mensah, a men's apparel sales associate at Nordstrom, received a disturbing letter from one of his loyal customers. The gentleman had purchased some \$2,000 worth of shirts and ties from Mensah, and mistakenly washed the shirts in hot water. They all shrank. He was writing to ask Mensah's professional advice on how he should deal with his predicament (the gentleman did not complain and readily conceded the mistake was his).

Mensah immediately called the customer and offered to replace those shirts with new ones at no charge. He asked the customer to mail the other shirts back to Nordstrom—at Nordstrom's expense. "I didn't have to ask for anyone's permission to do what I did for that customer," said Mensah. "Nordstrom would rather leave it up to me to decide what's best."

Middlemas, a Nordstrom's veteran, said to employees, "You will never be criticized for doing too much for a customer, you will only be criticized for doing too little. If you're ever in doubt as to what to do

in a situation, always make a decision that favors the customer before the company." Nordstrom's Employee Handbook confirms this. It reads:

Welcome to Nordstrom

**We're glad to have you with our Company.
Our number one goal is to provide outstanding
customer service.**

**Set both your personal and professional goals high.
We have great confidence in your ability to achieve
them.**

Nordstrom Rules:

**Rule #1: Use your good judgment in all situations.
There will be no additional rules.
Please feel free to ask your department manager,
store manager, or division general manager any
question at any time.**

Source: Adapted from Robert Spector and Patrick D. McCarthy, *The Nordstrom Way*. New York: John Wiley & Sons, 2000, pp. 15–16, 95.

suggest that different situations may require different solutions, declaring that "both the empowerment and production-line approaches have their advantages . . . and . . . each fits certain situations. The key is to choose the management approach that best meets the needs of both employees and customers." Not all employees are necessarily eager to be empowered, and many employees do not seek personal growth within their jobs and prefer to work to specific directions rather than to use their own initiative. Research has shown that a strategy of empowerment is most likely to be appropriate when most of the following factors are present within the organization and its environment:

- The firm's business strategy is based on competitive differentiation, and on offering personalized, customized service.
- The approach to customers is based on extended relationships rather than on short-term transactions.
- The organization uses technologies that are complex and nonroutine in nature.
- The business environment is unpredictable and surprises are to be expected.
- Existing managers are comfortable letting employees work independently for the benefit of both the organization and its customers.
- Employees have a strong need to grow and deepen their skills in the work environment, are interested in working with others, and have good interpersonal and group process skills.⁴⁰

Control Versus Involvement

The production-line approach to managing people is based on the well-established *control* model of organization design and management. There are clearly defined roles, top-down control systems, hierarchical pyramid structures, and an assumption that the management knows best. Empowerment, by contrast, is based on the *involvement* (or *commitment*) model, which assumes that employees can make good decisions, and produce good ideas for operating the business, if they are properly socialized, trained, and informed. This model also assumes that employees can be internally motivated to perform effectively and that they are capable of self-control and self-direction.

Schneider and Bowen emphasize that "empowerment isn't just 'setting the front-line free' or 'throwing away the policy manuals.' It requires systematically redistributing four key ingredients throughout the organization, from the top downwards."⁴¹ The four features are

- *Power* to make decisions that influence work procedures and organizational direction (e.g., through quality circles and self-managing teams)
- *Information* about organizational performance (e.g., operating results and measures of competitive performance)
- *Rewards* based on organizational performance, such as bonuses, profit sharing, and stock options
- *Knowledge* that enables employees to understand and contribute to organizational performance (e.g., problem-solving skills)

In the control model, the four features are concentrated at the top of the organization, whereas in the involvement model these features are pushed down through the organization.

Levels of Employee Involvement

The empowerment and production-line approaches are at opposite ends of a spectrum that reflects increasing levels of employee involvement as additional knowledge, information, power, and rewards are pushed down to the front line. Empowerment can take place at several levels:

- *Suggestion involvement* empowers employees to make recommendations through formalized programs. McDonald's, often portrayed as an archetype of the production-line approach, listens closely to its front line. Did you know that innovations ranging from Egg McMuffin to methods of wrapping burgers without leaving a thumbprint on the bun were invented by employees?

- *Job involvement* represents a dramatic opening up of job content. Jobs are redesigned to allow employees to use a wider array of skills. In complex service organizations such as airlines and hospitals, in which individual employees cannot offer all facets of a service, job involvement is often accomplished through the use of teams. To cope with the added demands accompanying this form of empowerment, employees require training, and supervisors need to be reoriented from directing the group to facilitating its performance in supportive ways.
- *High involvement* gives even the lowest-level employees a sense of involvement in the company's overall performance. Information is shared. Employees develop skills in teamwork, problem solving, and business operations, and they participate in work-unit management decisions. There is profit sharing, often in the form of bonuses.

Southwest Airlines illustrates a high-involvement company, promoting common sense and flexibility. It trusts its employees and gives them the latitude, discretion, and authority they need to do their jobs. The airline has eliminated inflexible work rules and rigid job descriptions so its people can assume ownership for getting the job done and enabling flights to leave on time, regardless of whose "official" responsibility it is. This gives employees the flexibility to help each other when needed. As a result, they adopt a "whatever it takes" mentality.

Southwest mechanics and pilots feel free to help ramp agents load bags. When a flight is running late, it's not uncommon to see pilots helping passengers in wheelchairs board the aircraft, assisting operations agents by taking boarding passes, or helping flight attendants clean the cabin between flights. All of these actions are their way of adapting to the situation and taking ownership for getting customers on board more quickly. In addition, Southwest employees apply common sense, not rules, when it's in the best interest of the customer.

Rod Jones, assistant chief pilot, recalls a captain who left the gate with a senior citizen who had boarded the wrong plane. The customer was confused and very upset. Southwest asks pilots not to go back to the gate with an incorrectly boarded customer. In this case, the captain was concerned about this individual's well-being. "So, he adapted to the situation," says Jones. "He came back in to the gate, deplaned the customer, pushed back out, and gave us an irregularity report. Even though he broke the rules, he used his judgment and did what he thought was best. And we said, 'Attaboy!'"⁴²

Build High-Performance Service Delivery Teams

The nature of many services requires people to work in teams, often across functions, in order to offer seamless customer service processes. Traditionally, many firms were organized by functional structures, under which, for example, one department is in charge of consulting and selling (e.g., selling a cell phone with a subscription contract), another is in charge of customer service (e.g., activation of value-added services, changes of subscription plans), and still a third is in charge of billing. This structure prevents internal service teams from viewing end customers as their own, and this structure can also mean poorer teamwork across functions, slower service, and more errors between functions. When customers have service problems, they easily fall between the cracks.

Empirical research has confirmed that front-line staff themselves regard lack of interdepartmental support as an important factor in hindering them from satisfying their customers.⁴³ Because of these problems, service organizations in many industries need to create cross-functional teams with the authority and responsibility to serve customers from the beginning of the service encounter to the end. Such teams are also called self-managed teams.⁴⁴

The Power of Teamwork in Services

Jon Katzenbach and Douglas Smith define a team as "a small number of people with complementary skills who are committed to a common purpose, set of performance

BEST PRACTICE IN ACTION 11.5

Singapore Airlines' Team Concept

Singapore Airlines (SIA) understands the importance of teamwork in the delivery of service excellence, and has always worked hard to create *esprit de corps* among its cabin crew. This is made more difficult by the fact that many crew members are scattered around the world. SIA's answer is the "team concept."

Choo Poh Leong, Senior Manager Cabin Crew Performance, explained: "In order to effectively manage our 6,600 crew, we divide them into teams, small units, with a team leader in charge of about 13 people. We will roster them to fly together as much as we can. Flying together, as a unit, allows them to build up camaraderie, and crew members feel like they are part of a team, not just a member. The team leader will get to know them well, their strengths and weaknesses, and will become their mentor and their counsel, and someone to whom they can turn if they need help or advice. The "check trainers" oversee 12 or 13 teams and fly with them whenever possible, not only to inspect their performance, but also to help their team develop."

"The interaction within each of the teams is very strong. As a result, when a team leader does a staff appraisal they really know the staff. You would be amazed how meticulous and detailed each staff record is. So, in this way, we have good control, and through the control, we can ensure that the crew delivers the promise. They know that they're being constantly monitored and so they deliver. If there are problems, we will know about them and we can send them for re-training. Those who are good will be selected for promotion."

According to Toh Giam Ming, Senior Manager Crew Performance, "What is good about the team con-

cept is that despite the huge number of crew, people can relate to a team and have a sense of belonging. 'This is my team.' And they are put together for 1-2 years and they are rostered together for about 60-70 percent of the time, so they do fly together quite a fair bit. . . . So especially for the new people, I think they find that they have less problems adjusting to the flying career, no matter what their background is. Because once you get familiar with the team, there is support and guidance on how to do things." Choo Poh Leong adds: "The individual, you see, is not a digit or a staff number, because if you don't have team-flying, you have 6000 odd people, it can be difficult for you to really know a particular person."

SIA also has a lot of seemingly unrelated activities in the cabin crew division. For example, there is a committee called the Performing Arts Circle, made up of talented employees with an interest in the arts. During a recent biennial Cabin Crew Gala Dinner, members of SIA raised over half a million dollars for charity. In addition to the Performing Arts Circle, SIA also has a gourmet circle, language circles (such as German- and French-speaking groups), and even sports circles (such as football and tennis teams). As mentioned by Sim Kay Wee, "SIA believes that all these things really encourage camaraderie and teamwork."

Sources: Jochen Wirtz and Robert Johnston, "Singapore Airlines: What It Takes to Sustain Service Excellence—A Senior Management Perspective." *Managing Service Quality*, 13, no.1 (2003): 10-19; Loizos Heracleous, Jochen Wirtz, and Nitin Pangarkar, *Flying High in Competitive Industry: Cost-Effective Service Excellence at Singapore Airlines*. Singapore: McGraw-Hill, 2006, pp. 145-173.

goals, and approach for which they hold themselves mutually accountable."⁴⁵ Teams, training, and empowerment go hand in hand. Teams facilitate communication among team members and the sharing of knowledge. By operating like a small, independent unit, service teams take on more responsibility and require less supervision than more traditional, functionally organized customer service units. Furthermore, teams often set higher performance targets for themselves than supervisors would. Within a good team, pressure to perform is high.⁴⁶ Best Practice in Action 11.5 shows not only how Singapore Airlines uses teams to provide emotional support and to mentor its cabin crew, but also how the company assesses, rewards, and promotes staff effectively.

Some academics even feel that too much emphasis is often put on hiring "individual stars," and too little attention is paid to hiring staff with good team abilities and motivation to work cooperatively. Stanford Professors Charles O'Reilly and Jeffrey Pfeffer emphasize that how well people work in teams is often as important as how good people are, and that stars can be outperformed by others through superior teamwork.⁴⁷