

Singapore Airlines: What it takes to sustain service excellence—A senior management perspective

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Interview with “service champions”

Singapore Airlines: what It takes to sustain service excellence - a senior management perspective

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Keywords

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Abstract

Singapore Airlines (SIA) is internationally recognized as one of the world's leading carriers. This article details the results of a series of in-depth interviews with SIA's senior management on their views on what made SIA a service champion, and what it will take to maintain its lead in the industry. Excerpts from these interviews were broadly organized into four sections. They are: "SIA's perspective of service excellence and key challenges"; "Understanding customers and anticipating their needs"; "Training and motivating the front line"; and "Managing with an eye for detail and profits". The interviews show what SIA's senior management sees as their key drivers of service excellence. The drivers are then related to key frameworks and models from the services marketing/ management literature. Implications for current and aspiring service champions are derived.

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Profit is the applause you receive for serving your customer well (Sim Kay Wee, senior vice president, Cabin Crew, Singapore Airlines).

Introduction

Service excellence is both unobtrusive and elusive. We know when we have received it, and we know when we have not. Service, both poor and outstanding, has a strong emotional impact upon us as customers, creating intense feelings about the organization, its staff and its services, and influencing our loyalty to it. Yet, many organizations seem to find service excellence elusive, hard to grasp, and often difficult, if not impossible to deliver. Paradoxically, we, as individuals, instinctively know what it is and how simple it can be.

Singapore Airlines (SIA) is internationally recognized as one of the world's leading carriers. It has been consistently one of the most profitable airlines in the world. It routinely gets voted the "best airline", "best business class", "best cabin crew service", "best in-flight food", "best for punctuality and safety", "best for business travellers", "best air cargo carrier", even "Asia's most admired company". This article is the result of a series of in-depth interviews with SIA's senior management, on their views on what made SIA a service champion, and what it will take to maintain its lead in the industry. Specifically, the following senior members of SIA's management team were interviewed (in alphabetical order):

The authors are most grateful to the various members of Singapore Airlines' senior management, who generously provided their time, ideas and shared the secrets to SIA's success in a number of in-depth interviews.

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- Mr Choo Poh Leong, senior manager cabin crew performance;
- Dr Goh Ban Eng, senior manager cabin crew training;
- Mrs Lam Seet Mui, senior manager for human resource development;
- Ms Lim Suu Kuan, commercial training manager;
- Mr Sim Kay Wee, senior vice president cabin crew;

- Ms Betty Wong, senior manager cabin crew service development;
- Mr Yap Kim Wah, senior vice president product and service.

We broadly organized excerpts from the interviews into the following four sections:

- (1) "SIA's perspective of service excellence and key challenges";
- (2) "Understanding customers and anticipating their needs";
- (3) "Training and motivating the front line"; and
- (4) "Managing with an eye for detail and profits".

In each section, we report SIA's senior management's main focus and thoughts, and link their perspectives to key frameworks and models in the services literature. The objective of this paper is to demonstrate how a service leader lives, adapts and implements core prescriptive models and frameworks from the services literature.

SIA's perspective of service excellence and key challenges

We were surprised how much airtime the interviewees gave to three aspects of service excellence, which were in a way, all related to internally positioning, benchmarking and integrating its services. SIA clearly understands the high demands customers place on them and the challenge this poses internally in terms of being the best in whatever they do. This puts an enormous amount of stress on its front line staff. High demands and expectations mean that there is a need constantly to review and change what the airline does. This is a recurring theme throughout the interviews, and is closely linked to what Berry (1999) called "Strategic Focus". The other key challenge SIA's top management highlighted is the constant struggle between offering standardized service (i.e. consistently delivering the brand promise) that is at the same time personalized. This challenge had been discussed in Bowen and Lawler's (1992) paper as a trade-off between empowerment and "industrializing" service delivery. SIA, however, is working on achieving both, and probably has to do so if it wants to reach the next level of service excellence. Finally, a key challenge is to approach a large number of services and their support sub-processes in totality. SIA pushes for each of its processes and sub-processes to receive continuous attention for incremental improvements and periodic major redesigns. This focus links best to the earlier literatures on process redesign and the more recent literature on implementing Six Sigma in service firms (e.g. Harry and Schroeder, 2000; Romano *et al.*, 2002).

The challenge of delivering service excellence

Having an international reputation for service excellence makes delivering outstanding service a continuous challenge. Mr Yap Kim Wah, SIA's senior vice president responsible for product and service explained:

We have a high reputation for service and that means that when someone flies with us, they come with high expectations. Still, we want them to come away saying "Wow! That was something out of the ordinary".

Mr Sim Kay Wee, the senior vice president responsible for cabin crew added:

Customers adjust their expectations according to the brand image. When you fly on a good brand like SIA, expectations are

already sky-high. If SIA gives anything that is just OK, it is just not good enough.

Mr Yap explained:

We need to give our customers a great experience and good value.

It is important to realize that they are not just comparing SIA with other airlines. They are comparing us against many industries, and on many factors. Thus, when they pick up a phone and call up our reservations, for example, they are actually making a mental comparison, maybe subconsciously, to the last best experience they had. It could be with a hotel or with a car rental company. If they have had a very good experience with the hotel or car rental company and if the next call they make is to SIA, they will

subconsciously make the comparison and say "How come you're not as good as them?". They do not say, "You have the best telephone service system out of all the other airlines I've called." Because we are excellent, our customers, albeit subconsciously, will benchmark us against the best in almost everything. The new ball game for SIA is not just to be the best of the best in the airline industry, but to work at being the best service company.

This is a fantastic challenge for us. We have to look at everything we do. This means that the food we place on board, and our food and beverage service, has to be the best. So we serve the best champagne, and even when we serve local dishes such as chicken rice, it has to be the best when compared to the local market. If we can't achieve this with a dish, we just have to drop the item.

It's very easy to love what we do, and that's the danger. It's easy to say that the customers will surely want what we do. To be a winner, we have to continually strive to provide the very best service when compared with any industry. That's why it's so challenging. Whatever we do, we are in search of excellence and are never willing to settle for what we have already achieved. It's good to be passionate, but I think you must be able to say "I'm willing to kill it with a better program". And that is a huge challenge internally. We have to be able to tell ourselves that, "I love this new thing that I've developed and we'll make sure that it's well implemented." However, we also have to kill it with a better product in x number of months. It could be six months, it could be 12 months, it could be 20 months. But you have got to kill it because the lifestyles of our customers are continuously evolving.

Consistency with personalization

SIA recognizes that whilst all the components of a service are important, there is a difference between the hygiene and enhancing factors. As Mr Sim explained:

We have a long list of the things that passengers expect when it comes to good service: flight schedules, punctuality, seat comfort, and functional, and technical skills such as safety, or just pouring a cup of coffee without spilling it all over the place. Certain procedures must be followed. But those are just technical and I think a lot of airlines can master them. These are all hygiene factors - you must have them. Mind you, there are some airlines that don't have them and are still in business! We take these as given. The enhancing factors are the softer skills, such as warmth, care and anticipation of needs.

The challenge in service is that there has to be consistency. When you buy a product, it's very different from buying a service. If you buy a piece of soap for example, it's just a piece of soap, manufactured by the same process day in and day out. A service however, is more human, with the potential for inconsistency. Every time you board an SIA plane, you need to know that you will get the same consistent level of excellent service. After achieving consistency, you aim to give service that is personalized to the needs of each individual, especially in the premium classes.

"Consistency is a major challenge", agreed Mr Choo Poh Leong, senior manager cabin crew performance. "All of our procedures are very finely honed and tested before we introduce any change." Ms Betty Wong, senior manager cabin crew service development, and her department will carry out research and trials, time and motion studies, make mock ups, see how long things will take, assess customer reaction, and do whatever is necessary to ensure that it is the right procedure. The challenge is on the people-side. "How do you get this team of 13 or 14 to deliver that same high standard every time they fly? That is the challenge."

Mr Sim added:

The additional complication is that while striving for consistency, we need people who can be flexible. I know this is a contradiction, but the worst thing about service delivery is when everybody just follows the book. I want them to be flexible and creative. In Singapore, there is a tendency for people to be too regimented in their thinking. If a passenger asks for his vegetarian meal and we did not have it on board, for example, we want the member of staff to go back to the galley, think on the spot and create a solution, such as putting together a plate from all the fruits and vegetables, rather than annoy the customer by telling him it was not catered for so he can't have it. I want staff to have a good relationship with the customer, without just following the rules. It's a question of balance.

Right now, Dr Goh and I are defining what the crew of the twenty-first century will be like. In the twentieth century, our cabin crew was docile, compliant, smiling, but not very vocal. I think the twenty-first century crew member will be more vibrant, more interactive, more outspoken. The challenge is to encourage and harness that energy to present a different kind of service image,

but at the same time, be very positive towards the passenger. That's an interesting challenge.

A total approach

This total approach underpins SIA's success. The company recognizes that customers are buying the totality and all of its components have to be excellent.

Mr Yap said:

While the Singapore Girl is our icon and we're very proud of her, we will continue to improve her skills. We want to improve her ability to understand wines and cheeses. The enhancement must be continuous. However, we are not just centred on the Singapore Girl. A flight has many, many sub-components. By being better at every one of these sub-components will give our

competitors a hard time. By the time they copy, we would already have moved ahead. This means constant innovation, and constant development in all the things we do. We don't just put the best seat in business class and sit back. We want the best in-flight service, the best food, the best service on the ground, as well as the best seats.

It is the *totality* that counts. This also means that it does not need to be too expensive. If you want to provide the best food, you might decide to serve lobster on short haul flights between Singapore and Bangkok for example. However, you might go bankrupt. The point is that, on that route, we just have to be better than our competitors in everything we do. Just a little bit better in everything. This allows us to make a small profit from the flight to enable us to innovate, without pricing ourselves out of the market. We want to provide excellent and all round value-for-money. This makes it much harder for our competitors. Therefore, in SIA, it's about coming up with new things all the time. We want to be a little bit better all the time in everything we do.

Understanding customers and anticipating their needs

SIA desires to create the "wow effect" and to regularly surprise customers, to enable it to remain a service leader in its industry. This constant emphasis on the "wow effect" and of surprising customers by exceeding their expectations is a common theme in much of the extant services literature (e.g. Berry (1995) calls it "Service Surprise"). SIA listens intensely to its customers to constantly identify "wow effect" opportunities, which -we will detail in the subsequent sections on "Listening to customers and front-line staff", "Understanding lifestyles", and "Compliments and complaints". These three sections show how a successful service firm implemented what is called in the service literature as "Service-quality Information System" (Berry and Parasuraman, 1997) or a "Fully Integrated Customer Feedback System" (Wirtz and Tomlin, 2000). SIA pretty much follows the normative approach of that literature, but with relatively more emphasis on observing lifestyles and listening to the front-line than perhaps the extant literature would suggest. Also, it seems that SIA is reaping the benefits from the theoretically predicted interaction (Baker and Sinkula, 1999) between marketing orientation (as shown in SIA's emphasis on the "wow effect", its

customer focus and intense listening to customers) and its learning orientation (as can be seen in its constant effort and orientation towards continuous improvements and periodic process redesigns, as discussed in the previous section).

SIA's objective: creating the "wow effect"

SIA uses feedback from its staff, information about other airlines, and customer compliment/complaint analysis and major traveller surveys to help them generate new ideas. Mr Yap added:

It's the new things that create the "wow". The things that customers never expected. There is a whole realm of things that customers don't know they want! We try to study the trends. We have our Product Innovation Department that continuously looks at trends, why people behave in a certain manner, and why they do certain things. And then we do a projection over three to five years. We try to follow both the short and long term trends.

Mr Sim added:

I always like to tell the story of Akio Morita, who came up with the Walkman. This idea never came from a survey. Consumers couldn't imagine the Walkman. He just realized people were getting more and more mobile, and that people like good music. So, he combined good music with mobility and he got the Walkman. We have to do the same thing. Sometimes, passengers can't tell you what they will need, they cannot anticipate. We have to do this for them. Anticipating needs they didn't realize they had! For example, we noticed the changing tastes of passengers. They were becoming more health conscious about their food, so we made the food lighter and more nutritious. We study data and observe customers in order to understand our customers really well, so that we can anticipate their needs.

Mr Yap added an example:

We developed our mobile phone services largely because we believed that there would be a demand. Some people were sceptical. We were the first to introduce the "alert service" which sends out a short text message (SMS) informing the customer of flight arrivals and delays. There was some scepticism when we launched our e-mail service in the air. Some people said that the aircraft is about the only sanctuary where they can get away from their work and their boss. They didn't want all that connectivity! However, when we studied the feedback, our customers really appreciated it. So, we provided that facility. If you don't want it, you don't have to use it. But I think business people will enjoy the flight more if they have cleared their e-mails! Often, business people feel very stressed in the last hours before they leave the office, so we can say to them, "Relax, you don't have to be so

frantic. You can take your time on board to deal with those last minute problems. We study the trends and try to be proactive."

SIA's philosophy is to provide their customers with a truly wonderful experience. Mr Yap added:

It's not just getting from point A to point B. We want to enable passengers to enjoy their experience, relax, have a glass of wine, watch some movies and now and then, check their e-mails. We are now looking at the potential of introducing broadband links between air and ground. Again, people may think that it is unnecessary. I disagree. It will enable our passengers to take advantage of the fluctuating exchange rates, for example, and buy shares or transfer money. It will allow them to book a hotel, or view apartments in London even before arrival!

Listening to customers and front-line staff

SIA has very elaborate feedback mechanisms to help its staff not only listen to customers, but also to understand them better. Information is collected from various sources. These include a random sample of passengers on about 10 per cent of SIA's flights, benchmarking surveys run by IATA which compares SIA's performance with other airlines, "mystery shopper" flights on competitors' airlines, and listening to its front line staff. Mr Yap added:

Our crew are very important people because they are very intimately in contact with our customers. So for every flight that we operate, we listen sincerely to our crew. They know that the management takes their feedback very seriously. If they gave us feedback and we didn't do anything about it, they would be disheartened.

The company tracks and analyses all the feedback it receives:

We even take *verbal* reports very seriously. In order for someone to sit down and write, he or she has to be either very happy or very angry. But there are always lots of little, less extreme things that people don't bother to write down. If a customer mentions to a member of crew, for example, that a meal is a little too salty, the member of crew will pass on the comment to their manager. The manager will contact our food and beverage manager who will inform the caterer and they will adjust the salt content in the item immediately. So if you don't listen to the crew, you've let an opportunity pass, which is crazy!

Ms Lim Suu Kuan, SIA's commercial training manager and she added:

We do a lot of "management by walking around", so there is plenty of opportunity for staff to give feedback. Managers will also actively solicit feedback. If someone has an idea, they will pull a few people aside and talk about it. It's about injecting a sense of ownership and letting everyone see the big picture.

Understanding lifestyles

I think people are moving faster. Therefore, understanding their potential needs and giving them something that they probably will tell you now that they don't want, will keep us ahead of the game.

Look at the Coffee Bean and Tea Leaf Company. They are selling a cup of coffee for more than \$5, next door to a regular coffee shop selling one for 80 cents. How did they do it? They looked at lifestyle. They can even remove some of the coffee, add ice, stir it up and call it "blended coffee", and my daughter will drag me down there to pay \$5.70 for it! They have actually entered into that person's lifestyle. That cup of coffee is no longer just a cup of coffee. It provides you with a social environment that allows you to sit down for one hour to be seen and to be connected. So, if you approach service from providing customers' needs on the basis of functionality, you miss the point. Similarly, for an airline, it's not just about having a smoother flight from point A to B. That will be taken for granted. It is about connecting with people's lifestyle needs.

Obviously these challenges can be very expensive, but the good thing about SIA is that we're really committed to our business. The whole focus of our company is about one word -customer. When we were first started as a company by our former chairman (Mr Joseph Pillay), he drilled into us that regardless of whether you are a hangar assistant or a payroll clerk or an accountant, you are there because there's a customer who's willing to pay. This is our "secret". It is our culture. We are focused on our customer. We also have very talented and good people. We have good industrial relations, good HR management, and we look after our staff well. Because when we look after our staff well, our staff will look after our customers well. It is a very simple statement, but also a very powerful one. Sometimes it's very difficult to implement and I'm not saying that we are perfect. However, we mean it. When we talk about empowerment or leadership, we have meaning. It's not just hollow. You know there are a lot of people who say they have an open-office concept and all that, but do they really practice what they preach?

Compliments and complaints

SIA takes both compliments and complaints seriously. Indeed, there is a vice president with responsibility for compliments and complaints:

I hear stories about other airlines that don't even acknowledge letters from their customers," said Mr Sim, "but for us, every letter must be

acknowledged. It must be investigated and followed up, even letters of compliment.

Mrs Lam explained:

We investigate all complaints and then not only do we try to recover the customer or the situation, we will also use it as a learning lesson. If we don't learn something from a complaint, then we've failed. We want to learn from the mistake and ensure that the mistake is only ever made once. The same mistake should not be repeated, especially not by the same person, and hopefully not by others. We try to (internally) publicize problems

and mistakes as much as we can. They say life is too short for you to learn from your own mistakes, so you might as well learn from other people's. We also take compliments seriously. Not only do we disseminate them so that people can share in the success, we try to learn from them too. They can help us understand what we need to do to excel.

Mr Sim added:

We do try to deal with problems at the time they arise. If a problem occurs onboard, the crew will try to recover immediately. Any follow-up or written complaint is overseen by the Customer Affairs Department. However, we do the investigation, find out precisely what happened and report to them. We try to do it personally and quickly. Mr Choo, for example, has been known to visit a complainant's office to explain why the problem occurred and personally apologise to them, face-to-face!

Training and motivating the front line

In our interviews, SIA places high emphasis on training so much, that it seems to be a key focus in its HR and service delivery strategy. Although training is regularly highlighted as a key component in the service profit chain (Heskett *et al.*, 1997) and in the cycle of success for service firms (Schlesinger and Heskett, 1991), SIA seems to put a relatively higher emphasis on the training of its frontline staff. Also, SIA's recent focus is on equipping the front-line staff with skills to deal with the stress and demands that arise from the high expectations of its customers. This issue has received little attention in our existing services literature. The third section discusses SIA's team concept, which seems to be a successful implementation of what Berry (1995) recommended in his chapter "Work at teamwork" in his book *On Great Service*. The last section describes the importance SIA places on communicating with and motivating the front line, which seems to follow nicely Schneider and Bowen's (1995) normative recommendations in their book *Winning the Service Game*.

Training - a key to competitive advantage

Mr Yap explained:

Change, improvement and innovation are vital. The business has always been competitive, but it is getting more and more difficult to differentiate ourselves because every airline is doing the same thing. We succeed by continually wanting to improve, by having the will to do so and by recognizing that every time we reach a goal, we always say that we got to find a new mountain or hill to climb.

Training is central to SIA's goal of continuous improvement. CEO, Dr Cheong, stated:

Training is a necessity, not an option. It is not to be dispensed with when times are bad. Training is for everybody. It embraces everyone from the office assistant and baggage handler to the chief executive officer. We do not stint on training. We'll use the best in software and hardware that money can buy. Because we take a long-term view of training, our investments in staff development are not subject to the vagaries of the economy. Training is forever. No-one is too young to be trained, nor too old.

Mr Yap added:

We spend a lot of money on training. In SIA, training is almost next to godliness! We believe that there is no moment, regardless of how senior you are, when you cannot learn something. So for all of us, senior vice presidents included, we're sent for training regularly. We all have a training path. You can always pick up something. If you have completed quite a number of programs, then you go for sabbatical. You go and learn a language, do something new and refresh yourself.

Mrs Lam added:

SIA invests huge numbers of dollars in infrastructure and technology but, ultimately, you need people to drive it. At SIA, we believe that people actually do make a difference, so the company has in place a very comprehensive and holistic approach to developing our human resources. Essentially, we do two types of training, namely functional training and general management type training. Functional training is about equipping people with the skills to do their job, to make them as technically competent and confident as possible. There are seven training schools in the SIA Group dedicated to delivering training in each of the core functional areas: cabin crew, flight operations, commercial training, IT, security, airport services training and engineering. The general management training is offered by the SIA Management Development Centre (MDC), which is under the purview of the Human Resources Division, and is concerned with softer skills. This training

is centralized so *that* the engineers meet IT experts and the marketing people and so on. We train about 9,000 people a year, and we are quite well known for our dynamic and committed approach to training. Indeed, I believe we were the very first three-time winner of the National Training Award and the National Productivity Award for training and development, which was presented to us by Senior Minister, Lee Kuan Yew, in 1999.

About 70 percent of our courses are in-house, such as cabin crew and commercial training. We sometimes invite passengers to the sessions to help us learn from their experiences. For some of the service training, we use "check trainers". They go up and "check" and come down and "train". For some of the more generic general management areas, we use consultants, university faculty and so on. We call them our "visiting faculty pool". In-house people can get outdated because it takes a lot of time and energy to keep up with developments around the world. So where appropriate, we will use these external people.

SIA's latest service excellence initiative, called Transforming Customer Service (TCS), involves staff in five key operational areas — cabin crew, engineering, ground services, flight operations and sales support. To ensure that the TCS culture is promoted company-wide, it is also embedded into all management training. The MDC has put together a two-day management training program entitled - TCS Operational Areas Strategy Implementing Synergy (OASIS). Mrs Lam explained:

The program is about building team spirit amongst our staff in key operational areas so that together, we will make the whole journey as pleasant and seamless as possible for our passengers. One has to realize that it's not just the ticketing or reservations people and the cabin crew who come into contact with our passengers. Our pilots, station managers and station engineers have a role in customer service as well, because from time to time, they do come into contact with our passengers. There are also the internal customers. Take the station managers for example. They have a major operational task ensuring the aircrafts depart on time, and they are also the crew's last contact when they depart, and first contact when they arrive. But TCS is not just about people. In TCS, there is the 40-30-30 rule - a holistic approach to people, processes (or procedures) and products. We focus 40 percent of the resources on the training and invigorating our people, 30 percent on the review of process and procedures, and 30 percent on creating new product and service ideas. We look at the totality rather than focus on just one aspect of the customer experience.

Dealing with pressure from customers -a future challenge for training

Because of its reputation for excellent service, coupled with the fact that SIA is known to strive constantly to improve, its customers tend to have very high expectations and can be very demanding. This can put considerable pressure on the front-line staff.

Ms Lim explained:

We have recently undertaken an external survey and it appears that more of the "demanding customers" choose to fly with SIA. So the staff are really under a lot of pressure. We have a motto: "If SIA can't do it for you, no other airline can". So we encourage the staff to try to sort things out, to do as much as they can for the customer. Although they are very proud, and indeed protective of the company, we need to help them deal with the emotional turmoil of having to handle their customers well and, at the same time, feel that they're not being taken advantage of. The challenge is to help our staff deal with the difficult situations and take the brickbats. This will be the next thrust of our training.

SIA's team concept

SIA also has the task of trying 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, in different planes, going to different locations. SIA's answer is the "team concept". Mr Choo explained the idea:

In order to manage our 6,600 crew effectively, 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 camaraderie, and crew members feel like they are part of a team, not just a number. The team leader will get to know their strengths and weaknesses well, and will become their mentor and their counsel, and someone to whom they can turn to 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 the teams develop.

Mr Sim added:

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, even though there are 6,600 of them. We can pinpoint a member of staff's strengths and weaknesses very easily. 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, 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.

We also have a lot of extra curricular activities in the cabin crew division. For example, Ms Wong heads a committee called the "Performing Arts Circle" made up of talented flying crews. They perform some wonderful shows. Last year, they put on a show in Paris, and people could not believe that they were not professional singers. In September 2001, they staged a charity show, a brand new musical, in Singapore, raising over \$330,000. Dr Goh is also the advisor of our Wine Appreciation Group. We have a Gourmet Circle. We have the Japanese Language Circle, a German and French Speaking Group. We've got footballers, tennis teams ... all these things really encourage camaraderie and teamwork.

Communication and motivation

To try to encourage good service, the company believes in good communication. Corporate-wide business meetings and briefings are held regularly to keep staff informed of the latest developments. Corporate newsletters and circulars help promote information sharing. Interaction between staff and management is encouraged through regular staff meetings. Ms Lim added:

It's about communication. For example, if we add a new service at check-in, we will talk to the people involved before, during and after. We will discuss the importance and the value of it and make sure everyone is aware of what we are doing and why. It helps give staff a pride in what they do.

The company also uses non-financial rewards to encourage good service. The newsletters are used to share and recognize good service. Mrs Lam added:

We try to recognize members of staff who go the extra mile. Every year there is the Deputy Chairman's Award. This is a way for the top managers to show appreciation.

Mr Sim added:

Recognition is important. A good pat on the back, a good ceremony, photographs and write-ups in the newsletters. We also award a special badge to those individuals who have received a lot of passenger compliments. We recognize our heroes and heroines.

Managing with an eye for detail and profits

The last two important sections from our interviews have to our knowledge received relatively little attention in the services literature. First, SIA works hard to ensure that its management has a broad and integrated perspective of its operations and focuses on the big picture. At the same time, SIA also makes sure that management is prepared to pull up its sleeves and dive into minute details. Second, SIA seems to have achieved a culture that focuses on service excellence at a profit. This is an important but neglected area in the services literature, which more often than not, focuses on service quality without explicitly considering profitability. From a management perspective, the dual focus SIA has achieved is exciting. It deserves more attention in future research.

An eye for the detail, but with an understanding of the big picture

SIA is a visionary company and its senior managers talk about "globalness" and strategy. However, said Mr Yap:

You would be surprised that many of our senior people, as well as our departmental heads and managers, go down to detail like a hawk. And, when there is a need, we will hover and if necessary swoop. It can be very painful for the department involved, but the reality is that we are in a very competitive environment and we cannot afford to be soft. In my division, we have the responsibility for a large amount of expenditure. As a result, all our departmental heads, including myself, try to encourage our managers to be centres of discontentment! They have to be continuously unhappy with some things, not with people. You don't want to cause a morale problem. No! I don't mean that! I mean that you just have to have the sense to continually assess everything, and preferably before your boss asks you.

To assure its management understands the big picture, SIA practises job rotation in its executive ranks by moving senior managers between departments every few years. This policy has resulted in several benefits. Managers acquire an understanding of the workings of more of the organization than they would otherwise. It also promotes a corporate outlook among managers and minimizes inter-departmental disputes. This practice also creates an appetite for change and innovation as people constantly bring fresh perspectives and new ideas to their new positions.

High quality at a profit

Although SIA is totally focused on the customer and on providing continually improving service, managers are well aware of the need for profit. Mr Yap explained how they meet these dual yet potentially conflicting objectives:

First, it's about what we call "ownership". We are very cost conscious. It's drilled into us from the day we start working for SIA that if we don't make money, we'll be closed down. Singapore doesn't need a national airline. Second, the company has made a very important visionary statement that: "We don't want to be the largest company. We want to be the most profitable." That's very powerful. And third, we have a reward system that pays bonuses according to the profitability of the company. It's the same for all of us, the same formula from the top to the bottom. As a result, there is a lot of informal pressure from everybody. Everyone is quite open and they will challenge many decisions and actions. They might say, "Hey, why do you want to do that? We lost three million bucks!" And in the canteen, they might be talking about a particular department head, who has wasted the company's money, and their bonuses!

Summary and conclusions

Singapore Airlines seems to follow many of the normative models that are well researched and publicized in the services literature. These include its strategic focus on customers (Berry, 1999). SIA's top management is fully aware that they cannot afford to be complacent. Every opportunity is taken to develop their staff and systems and re-invent the service by anticipating the potential needs of customers. This is made possible because of the way they value their staff and customers. SIA's management makes it a point to listen to feedback from all quarters and to take appropriate remedial action. The firm belief that training allows for continuous improvement has spurred SIA to invest millions of dollars to train and equip every single staff member to provide excellent service continuously. All staff are rewarded and recognized for their contribution, according to the profitability of the company. What we learned from SIA, and what is consistent with the services literature, is that service excellence requires a total approach, i.e. excellent customer service is the result of all of the components being in place, from the right strategic focus and service culture, to a clear understanding of the service, to good training and people, to good systems and processes. In fact, much of what SIA does follows standard models widely publicized in the services literature, including the literatures on incremental improvements and periodic process redesign. SIA continuously benchmarks against the best in all relevant industries (e.g. Harry and Schroeder, 2000), strives for constant "exceeding of expectations" or "service surprise" (e.g. Berry, 1995), and institutionalizes customer feedback systems (e.g. Berry and Parasuraman, 1997, Wirtz and Tomlin, 2000). Last but not least, SIA's culture of service excellence at a profit is in line with the service profit chain (Heskett *et al.*, 1997) and the cycle of success (Schlesinger and Heskett, 1991).

However, aspiring service leaders and firms that are aiming to maintain service leadership, as well as academics searching for new research ideas should take note. There are a few findings from our interviews that were either not covered very well in the extant services literature, and/or did not receive the same emphasis as SIA places on them. These somewhat surprising findings include:

- SIA's holistic process perspective - SIA makes it a clear policy and culture for all staff to look at all processes all the time, to search for incremental improvements. SIA seems to improve just a little bit, but all the time and in everything. We have not come across a service firm that has managed to implement such a culture as successfully as SIA. This seems an issue worthwhile pursuing both for individual firms trying to instill a culture of constant customer driven learning, as well as for academic researchers. It is important to understand how such a culture can be successfully implemented and to know what its drivers are.

- SIA strives to maintain consistency in service excellence that at the same time meets the need of every individual customer. This constant struggle between standardization (or industrialization) and customization deserves more attention. Much of the current literature assumes one has to trade off one for the other. However, SIA seems to show that in order to achieve the next level of service excellence, we will have to find ways to achieve both.

- Finally, SIA's simultaneous focus on service excellence and costs/profits is not well understood in the literature, and firms have constantly to trade off satisfaction versus profitability. Usually, that trade-off is being made at the management level. SIA seems to have successfully pushed this trade-off to its front line, with spectacular success. It is a service leader as well as a highly productive, cost-effective and profitable company. Other firms, as well as academics, need to understand better how they can instill a culture that simultaneously focuses on service excellence and costs/profit, i.e. a culture of delivering service excellence at a profit

In conclusion, while our interviews show that much of what makes SIA a service success story follows widely known and applied frameworks and models in services marketing, we have identified a few unique nuggets that deserve attention and further investigation by aspiring service leaders and academics alike.

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