Leading Organizations and Employees
toward Service Excellence

Identifying Leadership

Identifying leadership has been likened to the story of the blind men and the elephant. Originally from India, the story relates each of several blind men touching a different body part of the elephant (the trunk, the body, a leg, an ear). Being blind, none is able to see the animal in its entirety. The individuals form a mental image of the whole beast from one of the parts. The person who touched the elephant’s trunk suggests that the animal is like a snake. Others suggest that the animal is like a wall (from touching the body), a tree (from touching a leg), and a fan (from touching an ear). Similarly, leadership then may be considered from any number of angles and, as a result, offer different perspectives. At the core of definitions of leadership is a sentence or two that describes the ability of one person to influence the behaviors of another person or group. The relationship of the leader (the influencer) to the follower(s) (the influenced) is a necessary condition of leadership. Without followers, there is no leader. As President Franklin D. Roosevelt (1882–1945) allegedly said, “It’s a terrible thing to look over your shoulder when you’re trying to lead and find no-one there.” The ability to attract and then retain followers is a key attribute of a successful leader.

According to some commentators, good leaders excel in four key areas: setting and affirming values and purpose, setting a vision and related strategies to achieve it, building coalitions of employees to execute strategies, and initiating and managing organizational change. An organization’s values and purpose serves as a blueprint for thought and actions. The vision set by an organization’s leaders needs to be meaningful to insiders (managers, employees, and the executives themselves) as well as external stakeholders such as customers, suppliers, and investors. For the insiders a key aim is to attain unity of purpose—everyone’s effort pushing in the same direction. For external audiences the vision helps demonstrate a unified organization and one that has a strong healthy culture. An organization with a strong healthy culture means that its members align their efforts toward a common
goal. Workplace effort in alignment is one of three hallmarks of a positive corporate performance.\(^6\)

It is a truism that an organization’s culture defines its work practices. Cultures also exercise an impact (whether positive or negative) on the firm’s performance over the longer term, which may include the organization’s propensity to thrive, to survive turbulent environments, or to decay and cease operations. The more robust is an organization’s culture, the more the organization can be predicted to survive when its business environments become turbulent and are subjected to rapid change. An organization with a strong healthy culture has harmony in its workforce in that there is a common consensus of effort.\(^7\) Such organizations tend to have a highly motivated workforce. Organizations with a corporate culture where employees lack cohesion may be described as having a weak or unhealthy culture. In such cultural environments work effort is diffuse and tends to be disjointed. Organizations in this situation struggle to survive.\(^8\) For example, the organization may have difficulties retaining competent employees or attracting and recruiting new competent employees.

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**A Leader’s Key Tasks: Develop the Organization and Its People**

Arguably, organizational leaders have four critical tasks: set a vision for actions and communicate this vision to relevant parties, communicate expectations for workplace tasks and behaviors, facilitate employees to grow both personally and professionally, and emphasize commitment and support to the employees and the organization itself. Setting a vision is fraught with pitfalls for the unwary. If it is a truism that the only certainty is uncertainty, and the only constancy is change, then leaders should expect a bumpy ride en route to their organization’s place in the future. Organizations often face a future that is unclear. The competitive landscape (what rival firms are developing and planning to implement) adds to the complexity. Such situations, which are most of the time, may be exacerbated when an organization faces technological change or other disruptions to the way it likes to conduct its business operations.

Faced with an opaque roadmap of their future competitive landscape, organizational leaders may have three possible responses. A first (perhaps natural) response is denial. This may be compared to the head-in-the-sand approach taken by ostriches and other species when facing threats. Underpinning this approach tends to be a rationale that says: “Our organization is special, we have attributes that makes us unique in our industry, and we are immune to any external environmental changes that may affect other firms.” This is tantamount to the statement that such and such an institution is too big to fail.\(^9\) Perhaps an alternative optimistic statement was that
the RMS Titanic was unsinkable. A second response is resistance. This can take many forms, some of these being to find ways to try and prevent the elements of change from taking hold. Among the seemingly most popular is recourse to legal actions such as lawsuits and legal statutes. A third response is the most challenging, that is, to learn about the benefits and difficulties of implementing the change. In some cases this may require an organization to discard time-honored practices and processes. Some practices may have become entrenched in an organization’s DNA and constitute the sole way of conducting operations. Leaders may thus need to make difficult choices: either to ensure that these practices and processes are recognized as critical success factors (CSFs) through which the organization has earned its reputation or, if these processes and practices have over time become generic, to develop new ways of working. Ideally, the organization develops new ways of working that cannot be readily replicated by other firms in an industry (i.e., cannot become generic and common to competitors).

As mentioned, a critical challenge for organizational leaders is to make sense of changing business landscapes brought about by emerging socio-economic developments and disruptive technologies. The future shape and format of our societies is not always clear from a current-day perspective. The future has the capacity to surprise. Organizational leaders need to heed the caveat given with financial products: past performance is not necessarily an indicator of future performance.

Leadership the Richard Branson Way

Richard Branson is the founder of the Virgin Group. This conglomerate now has over 400 branded businesses in its stable, including Virgin Records, Virgin Atlantic, and Virgin Galactic. Even as an early teenager, Branson was a serial entrepreneur. This was evident from his early years at Stowe, the English public fee-paying boarding school that he entered at the age of thirteen. Richard and a neighborhood friend decided they could make money from selling Christmas trees. They made their decision during their Easter vacation from school, so there seemed to be sufficient time for the fresh plantings to grow into saleable products. Thus, they bought seedlings for £5 and calculated their healthy return on this initial investment over the Christmas season later that same year. Their Easter vacation over, both boys returned to their different boarding schools. Nature was allowed to take its course. Unfortunately, the course of nature also involved hungry rabbits whose healthy appetites decimated the young trees. Plan B for the young entrepreneurs was now crystal clear: they shot and skinned rabbits and sold these to a local butcher. While honor was no doubt satisfied, this did not generate the healthy revenues expected from a large batch of Christmas trees. As with
all entrepreneurs, lack of success in their venture was seen as a mere glitch. The following year the boys evolved a second venture: breeding budgerigars. As the birds were bred in cages, hungry rabbits were not an issue.

The two entrepreneurs now faced a different problem. This was not supply (as had been the case with the Christmas trees); it was now demand. The budgerigars bred rapidly (almost like rabbits, you could say). If every potential customer in the local area bought two budgerigars, the young entrepreneurs would still have a glut of the birds on their hands. This standard business question of matching demand with supply was resolved when Richard received a letter from his mother to say that rats had gnawed into the birdcages and eaten all of the birds. In fact, Richard’s mother had opened the cage doors to release the birds, as she was tired of caring for a constantly growing chatter of budgerigars (in both senses of the word).

The next Branson venture was an events listings magazine. Called Student, the magazine was sold in universities, colleges, and to passersby on the street. By all accounts, this became a cash cow (and literally cash-driven). The magazine funded a student advisory center and then a record shop that ultimately became Virgin Records. These relatively modest beginnings made Richard Branson a millionaire by the age of twenty-four. Through constant division and multiplication of his enterprises, Branson has developed the single-branded, multicompanied conglomerate that has made him one of the richest people in the world. This track record seems not too bad for someone who is dyslexic and found school work difficult.

Leaders and Organizational Development

The famed Italian Renaissance polymath Michelangelo (1475–1574) is alleged to have described his relationship to his art by saying that he envisaged the beautiful statue imprisoned within every block of marble. His artistic genius was to be able to identify the contours of the eventual figure and sculpt the marble to free it so that others could see the beauty as he himself saw it imprisoned within the raw block of marble. This seems to convey the essence of organizational development. For organizational leaders the beauty of their as yet imprisoned organization may not always be as obvious as the hidden statues were for Michelangelo.

But, as with the art of sculpture, developing organizations toward service excellence requires persistence and patience on the part of leaders and their executives. It is not sufficient to say that employees are being encouraged to develop a service mind. A helpful starting point is to develop employees’ sensitivity to customer wants and needs (i.e., focusing on service demand rather than service supply). Corporate statements about developing a service mind seem to ignore the important role of the customer, and particularly the
customer’s important contribution toward developing the desired service in collaboration with service-providing employees. In this way there is a convergence between the demand and supply strands of a service encounter.

At their heart, organizations comprise collections of people gathered together (ideally) for a common purpose. In developing their organizations for effective performance, leaders have a number of areas on which to focus. An effective leader takes a helicopter view and sees the landscape in which the organization conducts its business.

There are the levels of individual employees, teams (however defined and configured), and the whole organization. At each of these areas of focus, there are similar, overlapping, and diverse tasks for the organizational leaders.

At the level of individual employees the leader’s tasks may relate to setting an environment where errors are tolerated (as long as these are used for learning). This may involve eradicating a blame culture where leaders and their managerial teams seek culprits and scapegoats every time a situation does not deliver anticipated results. The precarious nature of service can generate error and possible customer complaints or an outcome that is less than satisfactory for both the service user and the service provider. Developing an organizational environment in which employees feel valued and supported in their work efforts may not always be easy, but tends to be well worth a leader’s efforts.

Leadership and Moments of Truth: Making a Difference in Service Organizations

Mahatma Gandhi (1869–1948) said that individuals should themselves be the change they wish to see. Leaders need to be seen as role models for their organizations, behaving as an exemplar of what is expected of other employees. This gives another reason why executives and managers in service organizations need to internalize concepts of service. It is important that executives and their managers do not view the service component of their organization as solely the responsibility of customer-facing employees. A critical success factor in a service organization is the ability of executives and senior management to internalize service and act on their knowledge by setting initiatives and empowering employees to act. In this way, leaders can embed the service agendas in their organization and set employees (at all levels) in the same direction toward service excellence.

Internalizing service applies to all employees, not solely those whose daily work routines involve direct contact with customers. By internalizing service, we mean understanding the very core of service: this involves understanding not only the what and the how of service delivery (but the who, why, and
when of service). Together and separately we have worked in organizations that not only didn’t know what their customers needed (which we would include in basic knowledge), but also, in some cases, did not have a clear picture of who their customers were. Conventionally, leaders have tended to ensure that frontline service-providing employees are tasked (and sometimes fully trained) to give service. The rationale seems to be that as these employees are the ones that the customer sees and from whom customers expect to receive their service, other employees do not need to be fully informed or educated in attributes of service provision. However, as we know from experience, service quality can be deficient because of shortcomings in service provided by support employees (such as units devoted to IT, procurement, budgeting, or human resources). These specialist parts of organizations hold key roles in providing relevant services to internal customers.

As we outlined in Chapter 1, a service encounter concept covers the provision of customers’ needs and also the component contributory features of an organization’s internal processes that support the delivery of the customers’ needs through the intermediary of service-providing employee(s). In essence, these components are the what and the how of service provision that we earlier categorized as basic knowledge. The service encounter thus requires not only service provision (satisfying customers’ needs), but also facilities within the organization that ensure that customers’ needs will be satisfied time after time and to a consistent level of quality.

Behind the service-providing employees lies “the chain of local and central activities needed to produce the service.” The military calls this action and supply relationship the teeth-to-tail ratio. In former times, armies needed more teeth (armed forces facing the enemy) than tail (support services of logistics and supply). Over time, as armies relied less on handheld weapons (bows and arrows, halberds, muskets) and more on increasingly heavy weaponry (trebuchets, siege engines, cannons, and tanks), the tail of logistics needed to equip, support, and service the front line grew longer and less manageable. In 2003, Private First Class Jessica Lynch was among U.S. soldiers captured when her supply convoy was ambushed near the town of Nasiriyah in southern Iraq. A lengthy tail of supply is said to have partly contributed to Emperor Napoleon’s defeat in his Russian campaign of 1812, leading to the tragic retreat of his army from Moscow.

In the provision of service, the importance of so-called back office support services cannot be overemphasized. Although generally out of sight of the customer, without the support of these personnel, the service provision could not wholly function. Hence, an organization’s leaders need to ensure that responsibility for service delivery is part of their organization’s ethos.

In delivering service, an organization must get right to the basics, that is, recruiting and then training competent people to occupy customer-facing roles. Competent management of frontline service encounters is a necessary but not sufficient condition for serviced success. Supporting the frontline service providers are the employees tasked to maintain the background
needs for service delivery. It is therefore critical that a service organization successfully manages its frontline service encounters. In the short term customer satisfaction is at stake. In the longer term, the perceived reputation of the organization is at stake. Continued success (or otherwise) of the service encounters will likely determine the survival of the organization.

Scandinavian Airlines System (SAS), during the era of Jan Carlzon’s presidency (from 1981 to 1993), was, as far as we are aware, the first international company to integrate on a large scale the concepts of moments of truth as key foundations of its business growth and strategic development through service management. Under Carlzon’s leadership SAS regarded its employees as crucial to business success. Famously, he redefined the business tasks of all employees so that “the entire company—from the executive suite to the most remote check-in terminal—was focused on service.” Jan Carlzon was invited to be SAS president when the airline was in a crisis. In the previous two years the airline had posted losses of US$30 million and was rated near the bottom of the European airlines for its lack of punctuality. Within a year of Carlzon’s arrival, SAS had returned to profit. By 1984 SAS was voted Air Transport World’s “Airline of the Year.” During his first years as president, Carlzon initiated 147 projects to improve customer service. With a strategic focus and business emphasis on service, an integral part of the airline’s strategic development became development of human resources (HR). In this context HR incorporated development of skills and competences to transform SAS into a service-oriented airline. Three hundred sixty degree evaluations become a yearly process throughout the entire group of companies. In the process Jan Carlzon became a world-renowned management guru (Moments of Truth became a best seller). In his introduction to the book, Tom Peters writes: “Carlzon charged the frontline people with ‘providing the service they had wanted to provide all along.’”

The important role played by frontline employees in a service encounter is shown in Figure 6.1. We have interpreted this figure from its original use with service in a manufacturing organization to service given face-to-face.

As the figure shows, the employee contributes several and varied types of knowledge and skills to the encounter. In addition, the employee is ideally positioned to receive direct (i.e., firsthand) feedback from the customer. The important role played by the employee is indicated in the figure by the attributes “control over resources,” “self-scheduling,” “personal accountability,” and “direct communications authority.” Hence, the employee “possesses” features that become integral parts of the service encounter. Perhaps most importantly, the employee is in a position not only to audit the customer’s response (through feedback, both formal and informal), but also to assess the organization’s readiness to deliver attributes of the service. For example, the employee has control of the organization’s resources for delivering service. These are likely to include human resources (any other employees involved in the service delivery, such as the concierge, receptionists, and bellhops when a guest arrives at a hotel), fixed assets (such as equipment),
financial resources (such as taking fees, giving change, and swiping credit cards), and environmental resources (such as the market space where the service encounter occurs). In part of the service encounter the employee controls the scheduling of himself or herself and others involved in the service delivery. If the scheduling is uncoordinated or just plain wrong, then the service delivery begins to unravel.

This is especially so when the scheduling relates to timing (particularly sequentially timed parts of the service) and the content of the service offering. Service users tend to become upset or irritated when parts of a service are out of their intended or logical sequence (for example, if the restaurant bill arrives before coffee has been served). The employee’s responsibility for personal accountability is unavoidable in a face-to-face service encounter. Thus, the emotional stakes are high for both the service user and the employee. When service is delivered in a face-to-face setting, there are very few ways in which the emotional content of the encounter can be avoided. For some commentators, emotionality is at the core of service delivery and service use.22

In any organization, unhappy employees tend to create an unhappy, often dysfunctional, workplace. Naturally, this has an adverse effect on employee morale. Although initially, low levels of morale relate to only a few employees, the feeling can be contagious. Before too long, low motivation can pervade a whole department and then the whole workplace. In an organization oriented toward service, low morale is a threat to the service ethos. Low morale can cross the border between inside the organization (employees) and outside the organization (customers), and thus influence aspects of the moment of truth.
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The up close and personal nature of service means that customers sense when employees are unhappy, partly because customers often feel the impact of employees’ moods. Who hasn’t experienced a poor service attitude by a service provider who is obviously in a bad mood? Service settings, in which customers and employees interact at the moments of truth, have an added importance in service quality when employees’ moods form part of the customer’s experience. Organizational climate (in essence, whether or not the organization is a good place in which to work) is an influencing factor on how employees approach their work tasks and their job overall. To ensure that the organization doesn’t tolerate antisocial behaviors (which may sometimes border on the psychopathological), rules are needed to identify and deal with the employees who display these behaviors to the detriment of the workplace environment. When abhorrent behaviors are discernable in some employees, an organization’s leaders need to take steps to eradicate these behaviors. Left unchecked, dysfunctional behaviors may become the norm rather than the exception, and thereby exert an undue influence on the organization’s culture.

Leaders (and leaders-in-waiting) would be advised to reflect on the following quotation: “The race is not to the swift, nor the battle to the strong.”

Endnotes


9. See Alan Ross Sorkin (2009), *Too Big to Fail: The Inside Story of How Wall Street and Washington Fought to Save the Financial System—and Themselves*, New York: Viking Press. The book describes the 2008 financial crisis and the collapse of Lehman Brothers (the institution that was said to be too big to fail).

10. The RMS *Titanic* hit an iceberg and sank on April 15, 1912, with a loss of over 1,500 lives. The vessel was on her maiden voyage from Southampton to New York. Looked at realistically and admittedly with 20:20 hindsight, the *Titanic* was a ship and, in common with other ships, if the hull is punctured below the waterline, she sinks.


20. Management guru Tom Peters wrote the introduction to *Moments of Truth* (this quotation is from p. ix). Tom Peters and Robert Waterman were co-authors of *In Search of Excellence* (Warner Books: NY, 1984). At the time of writing this classic management book, both authors worked at the consultancy group McKinsey & Company.


27. Ecclesiastes 9:11.