

L. Heracleous, J. Wirts, N. Pangarkar: Flying high in a competitive industry

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Published online: 28 March 2007
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Service operations present special management challenges with demanding customers and tough competitors. The authors of “*Flying High in a Competitive Industry: Cost-effective Service Excellence at Singapore Airlines*” present a comprehensive description and analysis of a company that is highly successful in not just any service industry but in the extremely challenging airline industry. The presentation is very thorough, examining Singapore Airlines from top to bottom. Extensive use of data from a variety of sources and specific details from Singapore Airline enhance the discussion of strategic choices, promotion and support of innovation, and human resource management that contribute to Singapore’s continued success. Readers will be inspired to learn that service excellence can be achieved in a cost-effective manner.

The book begins with an in-depth history of the airline industry as a preface to a description of Singapore Airlines (SIA) and its successful management system. The background chapter is invaluable in setting up the SIA story. In addition, the presentation of SIA’s own history adds to the understanding of its long-term success. The introduction relates the ups and downs of the airline industry along with examples of how different companies have responded and reacted to external and internal pressures. A specific discussion of economics describes governmental impacts on the industry and a well-developed explanation of airline alliances help the reader understand some of the distinct elements of the industry. Supporting data from a wide variety of sources is presented effectively in graphical form here and throughout the book. The chapter concludes with a discussion of key factors for successful strategies for

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the airline industry, which leads nicely into the remarkable story of SIA in the rest of the book.

Chapter 2 introduces the “strategic choices” which have contributed specifically to SIA’s success. These are: alliance and acquisition strategies, brand reputation, exposure to competition, global revenue base, low staff costs, response to crises and young aircraft fleet. The presentation of each individually includes relevant examples of how SIA’s responses to global and economic events over the past several decades have enhanced the company’s performance.

In chapt. 3 the authors focus on the fact that SIA is primarily a service oriented company. Insight and examples of how quality service can be offered in a cost-effective way—traditionally a contradictory idea—are presented. The portrayal of a “five pillar” activity system further illustrates the methods and application to day-to-day decision making that have been used to balance cost-effectiveness and service excellence. Issues from human resource management to technological innovation are addressed to illustrate the SIA system. The discussion of service innovation continues in chapt. 4 as a key challenge at SIA. The many “firsts” that SIA has experienced in the industry—from the best champagne to ultra long haul flights to on-demand in-flight entertainment systems and flat beds in business class are described. The relevance of innovation to all service companies, not just in the airline industry, is emphasized. SIA practices are twofold. A rather formal, centralized innovation process is controlled and implemented by a specific department that is responsible for major innovations to set SIA apart in the airline industry. An informal continuous improvement process encouraged in all functional departments is primarily responsible for developing incremental, cost-effective innovations. The corporate culture supportive of risk-taking and creativity is vital to both types of efforts. The success of this dual approach is apparent as illustrated in the SIA experience. The importance of monitoring competitors and considering customers is obvious to support the innovative process and the various ways that SIA gathers and uses such information is revealed.

Human resources are critical to service operations, being a primary factor which influences service quality and customer satisfaction. For SIA, the Singapore Girls are a priceless symbol of the value of excellence in human resource management. SIA’s human resource strategy revolves around five key elements. These are: (1) stringent selection and recruitment processes, (2) extensive training and retraining, (3) successful service delivery teams, (4) empowerment of front-line staff to control quality, and (5) motivating staff through rewards and recognition. Each of these are described with numerous examples of SIA’s process and procedures in chapt. 5. This chapter could serve as a manual for human resource practitioners who wish to improve their results.

In the final chapter the authors begin with a look back at the airline industry to emphasize their underlying purpose of examining how any company can be successful in a difficult industry. They continue with a discussion of Michael Porter’s (1985) strategic management concepts and how SIA

strategy fits into the Porter scheme. The chapter continues with many examples of other companies in other industries that also exemplify the successful capabilities and competencies attributed to SIA in earlier chapters.

Many valuable lessons can be taken by managers in all industries from the SIA story. The authors clearly describe the “five pillars” of SIAs strategic management system and explain how the system has led to the success of the company. They also detail and explore the vital importance of the corporate culture in human resource management and the support of innovation and implementation of creative decision-making. Overall, the book provides a very thorough description of a successful company and clearly explains why SIA has achieved such success.

Reference

Porter M (1985) *Competitive advantage: creating and sustaining superior performance*. Free Press, New York