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SIA'S STRENGTHS: Singapore Airlines offers top-notch service, embraces innovation and technology and stays lean, say authors (from left) Dr Heracleous, Prof Pangarkar and Prof Wirtz, in their new book on SIA's success story.

The write stuff on SIA: Balancing service quality and profits

SINGAPORE Airlines (SIA) will continue to be among the world's top carriers as long as it continues to focus on its strengths, according to a new book launched yesterday.

Written by three academics — two from the National University of Singapore (NUS) and one from Oxford University — the book, entitled *Flying High In A Competitive Industry — Cost Effective Service Excellence At Singapore Airlines*, charts the airline's success story.

NUS Associate Professor Jochen Wirtz, a marketing expert and one of the book's authors, said SIA will continue to fly high in the industry if it keeps doing what it does best — offering top-notch service, embracing innovation and technology, and staying lean.

"It is true that other airlines, in terms of service quality, are catching up," he said.

"But although it is so competitive

and everyone is on its heels and trying to copy everything, SIA still manages to put out world firsts."

For example, SIA's non-stop Singapore-Los Angeles service introduced in February 2004 was the world's longest commercial flight at the time. The airline will also be the first to fly the giant Airbus A380 aircraft later this year.

But good service alone is not enough. More critical is the ability to please the customer while remaining cost-effective, the three professors told *The Straits Times* on Monday.

"A lot of very, very high-end hotels, for example, are brilliant at delivering fantastic service but they are not very profitable," Prof Wirtz said.

"For SIA, as soon as something touches the customer, it is top-notch quality. But as soon as the customer is not involved, it immediately switches over and says it wants to be as cost effective as possible...Just look at its headquarters. It does not look like it belongs to one of the best companies in the world."

SIA's head office since 1982 has been a 10-storey grey building located at Changi Airport's cargo complex, which also houses freight terminals.

The airline, which has never posted a full-year profit loss despite Sars, terrorism and high fuel prices, has managed to succeed by staying focused, said strategy and organisation expert Loizos Heracleous, an

Official Fellow of Templeton College, Oxford University.

While some airlines like Emirates are pursuing aggressive expansion policies, SIA has no desire to be the world's biggest carrier, he said.

"It wants to be the most profitable and achieves differentiation through service excellence, continuous innovation and high efficiency."

But will the same strategies that have worked in the past carry SIA forward?

NUS Associate Professor Nitin Pangarkar, an expert in business policy, said: "SIA's strategy is based on a certain set of principles, including openness to change and acceptance of innovation. It has all the building blocks in place and these will stand the airline in good stead even in the future."

Prof Pangarkar said one area that could be improved is industrial relations, which hit a low in 2003 after the airline cut salaries in an attempt to ride out the Sars crisis.

More than two years later, relations between management and unions are more cordial, but the mending goes on.

SIA should also try to distribute its business more evenly, so that it is less affected when a crisis hits a certain region, Prof Pangarkar said.

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