

**From: "Moments of Truth" Jan Carlzon
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- P. 2 "We have reoriented ourselves to become a customer driven company - a company that recognises that its only true assets are satisfied customers, all of whom expect to be treated as individuals, and who won't select us as their airline unless we do just that".
- "Scandinavian Air Service (SAS) is not a collection of material assets, but the quality of the contact between an individual customer and the SAS employees who serve the customer directly".
- P. 3 "Last year each of our ten million customers came in contact with approximately five SAS employees, and this contact lasted an average of 15 seconds each time. The SAS is 'created' 50 million times a year, 15 seconds at a time. These 50 million 'moments of truth' are the moments that ultimately determine whether SAS will succeed or fail as a company. They are the moments when we must prove to our customers that SAS is their best alternative".
- P. 5 "In a customer-driven company, the distribution of the roles is radically different (than in a production or revenue-driven one). The organisation is decentralised, with responsibility delegated to those who until now have comprised the order obeying bottom level of the pyramid. The traditional, hierarchical corporate structure, in other words, is beginning to give way to a flattened more horizontal structure. This is true in service businesses that begin not with the product but with the customer".
- P. 16 "...running a business is not always a matter of logic and mathematics. It's just as much a question of understanding the psychological impact that a new and intriguing offer will make on the market".
- P. 18 On why the new business strategy worked well at Linseflyg (prior to his SAS presidential role): "What made them work so wholeheartedly? I think it was because they all understood our goals and strategies. We communicated a vision of what the company could be, and they were willing to take the responsibility of making it work".
- P. 24 We decided to stop regarding expenses as an evil which we should minimise, and to begin looking at them as resources for improving our competitiveness. Expenses could, in fact, give us a competitive edge if they contributed to our goal of serving the business traveller".
- "We had no guarantee that these additional expenses would bring in more revenue. But it was also our only chance because the other option of reducing costs had already been used".
- P. 26 "Mistakes can usually be corrected later; the time that is lost in *not* making a decision can never be retrieved".
- P. 27 "As soon as we received permission from the board, we distributed a little red book entitled 'lets get in there and fight' to all 20,000 employees. This gave staff, in very concise terms, the information about the companies' vision and goals that the board and top management already had. We wanted everyone in the company to understand the goal: we couldn't risk our message becoming distorted as it worked its way through the company".

"The new energy at SAS was as a result of the 20,000 employees all striving towards single goal every day".

P. 32 "A leader is not appointed because he knows everything and can make every decision. He is appointed to bring together the knowledge that is available and then create the prerequisites for the work to be done."

P. 35 "By defining clear goals and strategies, and then communicating them to his employees and training them to take responsibility for reaching these goals, the leader can create a secure working environment that fosters flexibility and innovation".

"Thus the new leader is a listener, communicator, and educator - an emotionally expressive and inspiring person who can create the right atmosphere rather than make all the decisions himself".

P. 36 "In many respects though, the leader has to be an enlightened dictator - one who is willing to disseminate the vision and the goals throughout a large, decentralised organisation, but who will not brook active dissent to the underlying ideas. He must be able to present his vision convincingly so that the goals and strategies feel right to everyone in the company".

P. 38 "In changing a business environment, you can't wield total control from the top of the pyramid. You must give people authority far out on the line where the action is. They are the ones who can sense the changes in the market. By giving them security, authority and the right to make decisions based on current market conditions, you put yourself in the best position to gain a competitive edge".

"A leader, then, is a person who is orientated towards results more than power, or social relations. Someone seeking power for its own sake may well sacrifice personal relationships and results to obtain it. Someone who is too socially orientated might tend to compromise at every turn in order to avoid conflict. In the long run, this hurts results. But the results orientated leader does not dictate the methods for achieving the results, and, moreover, does not need to claim the victories as his own".

P. 42 "Remarkably, many business executives begin by devising goals and strategies, and only later back into an examination of the business climate and the customers needs. Obviously this is proceeding in the wrong order".

P. 43 "How can you know what your goals and strategies should be if you don't have a clear idea of the environment you're working in, or of what your customers want?".

P. 44 "This (business planning based on a sound perception of customers wants and needs) sounds very easy, but for those sitting at the top of the pyramid - and not working on the front-line, in day-to-day contact with the customers - it can be tricky".

P. 52 "As I learned more about SAS I was amazed at how many of its policies or procedures catered to the equipment or the employees, even if they inconvenienced the passengers".

P. 56 "In stark contrast to the production orientated company, where decisions are motivated by product and technology considerations, the customer orientated company begins with the market, and lets it guide every decision, every investment, every change".

P. 68 "The work still begins with something handed down from above - overall objectives for achieving company goals. Upon receiving these broad objectives, middle management first breaks them down into a series of smaller objectives that the front line people will be

able to accomplish. At that point the role of middle management is transformed from administration to support”.

- P. 82 “Unfortunately most front line employees have been following regulations for so long that few have the courage to try something new”.
- P. 83 “Leaders and managers must give guidance, not punishment, to employees who take risks and, occasionally, make mistakes. Wrong decisions should be used as a basis for training; right decisions should be used as the basis for praise and positive examples”.
- “I should clarify here that the right to make mistakes is not equivalent to the right to be incompetent, especially not as a manager”.
- P. 88 “In a decentralised, customer-driven company, a good leader spends more time communicating than doing anything else”.
- “...he must communicate with the employees to keep them all working towards the same goal, and he must communicate with his customers to keep abreast of the companies new activities and services”.
- P. 94 “If you indicate by your actions that you are superior even to your customers, then you can hardly call yourself market orientated”.
- P. 134 “Only the customer, and the customer alone, will pay our costs and provide our profits”.