

C E



**Center for
Effective
Organizations**

**FACING THE CUSTOMER:
EMPOWERMENT OR PRODUCTION LINE?**

**CEO PUBLICATION
G 91-5 (190)**

DAVID E. BOWEN

Arizona State University - West

EDWARD E. LAWLER III

*Center for Effective Organizations
Marshall School of Business
University of Southern California*

1991

<http://www.marshall.usc.edu/ceo>

FACING THE CUSTOMER: EMPOWERMENT OR PRODUCTION LINE?

Abstract

In recent years, there has been a rush to adopt an empowerment approach, in which employees face the customer "free of rulebooks," encouraged to do whatever is necessary to satisfy the customer. The production-line approach is a very different management style. Employees face the customer via standardized, procedurally-driven operations. A below-the-surface look is offered at what is involved in empowering service employees by clarifying: (1) Why to empower. There are benefits and costs; (2) How to empower. A range of management practices are possible; and (3) When to empower. Some important contingencies are considered and it is argued that in some situations, the production-line approach may be the best.

FACING THE CUSTOMER: EMPOWERMENT OR PRODUCTION LINE?

The empowerment approach to service calls for service businesses to present a flexible, spontaneous, problem-solving face to customers. Empowering service workers has acquired almost a "born again" religious fervor. "Purposeful Chaos" is Tom Peters name for it. The "art of improvisation" is another. Robert Waterman says it is part of a management style that he dubs "directed autonomy." Service executives we have talked to offer their own definitions:

"It means throwing out the policy and procedures manuals"

"Giving employees a voice in how to deliver the service"

"Let employees do whatever is necessary to satisfy the customer"

"Being free to make mistakes without getting in trouble"

"Creative problem-solving on the front-line"

"Freeing employees to fix problems as they occur--without checking with management"

We all have heard a story about an empowered Nordstrom employee and have been convinced that if we are a "frequent business traveller" on SAS airlines the flight attendant will do whatever is necessary to satisfy us.

The production-line approach to service was the darling child of service gurus in the mid-70's. They advocated facing the customer via standardized, procedurally-driven operations. Should we now abandon it in favor of the empowerment approach?

Let's take a closer look at how to best face the customer. Our intent is not to debunk empowerment, rather it is to clarify why to do it (there are costs, as well as benefits), how to do it (there are alternatives), and when to do it (it really does depend on the situation).

The Production Line Approach to Service

In two classic articles, the "Production Line Approach to Service" and the "Industrialization of Service," Theodore Levitt described how service operations can be made more efficient by applying the logic and tactics of manufacturing.¹ His

recommendations included (1) simplification of tasks, (2) clear division of labor, (3) substitution of equipment and systems for employees, and (4) little decision-making discretion afforded to employees; in short, management designs the system and employees execute it.

McDonald's is a good example. Workers are taught how to greet customers, and ask for their order (including a script for suggesting additional items). There is then a set procedure for assembling the order (for example, cold drinks first, then hot ones), placing various items on the tray, and placing the tray where the customers need not reach for it. Next, there is a script and a procedure for collecting money and giving change. Finally, there is a script for saying thank you and asking the customer to come again.² This production-line approach gives the organization control over, and uniformity of, the customer-server interaction. It is easily learned, so workers can be quickly trained and put to work.

What are the gains from a production-line approach to service? Efficient, low-cost, high volume profitable service operations--with satisfied customers. How? In Levitt's words, with a management rationality and set of tactics borrowed from the manufacturing sector:

Manufacturing thinks technocratically, and that explains its success. ... By contrast, service looks for solutions in the performer of the task. This is the paralyzing legacy of our inherited attitudes: the solution to improved service is viewed as being dependent on improvements in the skills and attitudes of the performers of that service.

While it may pain and offend us to say so, thinking in humanistic rather than technocratic terms ensures that the service sector will be forever inefficient and that our satisfactions will be forever marginal.³

The Empowerment Approach

Ron Zemke and Dick Schaaf in their book *The Service Edge: 101 Companies that Profit from Customer Care* note empowerment is a common theme running through many, even most, of their excellent service businesses, such as American Airlines,

Marriott, American Express, and Federal Express. To Zemke and Schaaf, empowerment means "turning the front-line loose," encouraging and rewarding employees to exercise initiative and imagination. "Empowerment in many ways is the reverse of doing things by the book".⁴

The humanistic flavor that pervades empowerment is clear in the words of advocates such as Tom Peters:

... it is necessary to "dehumiliate" work by eliminating the policies and procedures (almost always tiny) of the organization which demean and belittle human dignity. It is impossible to get people's best efforts, involvement, and caring concern for things you believe important to your customers and the long-term interests of your organization when we write policies and procedures that treat them like thieves and bandits.⁵

And from Jan Carlzon, CEO of SAS Airlines:

... to free someone from rigorous control by instructions, policies, and orders, and to give that person freedom to take responsibility for his ideas, decisions, and actions is to release hidden resources which would otherwise remain inaccessible to both the individual and the organization.⁶

In contrast to the logic of the industrialization of service, empowerment very much looks to the "performer of the tasks" for solutions to service problems. They are asked to make suggestions for new services and products and they are asked to solve problems in a creative and effective manner.

Which Approach is Better?

In 1990, Federal Express became the first service organization to win the highly coveted, Malcolm Baldrige National Quality Award. The company's motto is "people, service, and profits." Behind its brightly colored blue, white, and red planes and uniforms, there are self-managing work teams, gainsharing plans, and empowered employees seemingly consumed with providing quality service to their customers—

whose individual needs for pick up time and locations, and destinations, are flexibly and creatively serviced.

At UPS, referred to as "Big Brown" by its employees, the company's philosophy was clearly stated by Jim Casey when he founded the company: "Best Service at Low Rates." Here, too, we find turned-on people and profits. But we do not find empowerment, instead we find controls, rules, a detailed union contract and carefully studied work methods. Nor do we find a promise to do all things for customers, such as handling off-schedule pickups and handling packages that don't fit size and weight limitations. In fact, rigid operational guidelines help guarantee the customer reliable, low-cost service.

Federal Express and UPS present two very different "faces to the customer" and behind these faces are two different management philosophies and organizational cultures. Federal Express is a high involvement, horizontally coordinated organization which responds to customers with empowered employees who are encouraged to use their judgment above and beyond the rulebook. UPS is a top-down, traditionally controlled organization, in which employees face customers directed by policies and procedures that are based on industrial engineering studies of how all aspects of service delivery should be carried out and how long they should take.

At Disney theme parks, ride operators are thoroughly "scripted" on what to say to "guests," even including a listing of pre-approved "ad-libs"! At Club Med, CEO Jacques Giraud fervently believes the "magic" of the guest's experience must be real and the resorts' GOs are set-free to spontaneously create this feeling for its guests. So, which is the better approach? Federal Express or UPS? Club Med or Disney? McDonalds, which provides customers quality, service, cleanliness, value--but no special orders, or Burger King which says "Have It Your Way?"

At a recent executive education seminar on Customer Service, one of the authors asked the participants, "Who thinks that it is important for their business to empower

their service personnel as a tool for improving customer service?" All twenty-seven enthusiastically raised their hands. Although they represented diverse services; banking, travel services, utilities, airlines, and shipping, and disagreed on most points, they all agreed: Empowerment is a key to customer satisfaction. But, is it?

Empowering Service Employees: Why, How, and When

Deciding whether and how to empower service employees, requires that managers understand: (1) Why to empower. They need to know the potential benefits and costs of empowerment. (2) How to empower. Managers need to know the managerial practices associated with empowerment, and their options in using them. (3) When to empower. There do seem to be contingencies such as the firm's basic business strategy that affect whether the gains of empowerment outweigh the costs.

Why to Empower: The Benefits and Costs

What gains are possible from empowering service employees?

- Quicker on-line responses to customer needs at the point of service delivery

Check-in time at the hotel begins at 2 pm, but a guest asks the desk clerk if she can check in at 1:30 pm. An airline passenger arrives at the gate at 7:30 am, Friday, for a 7:45 am departure and wants to board the plane with a special travel coupon that is good for Monday-Thursday--there are empty seats on the plane. The hostess is taking an order in a modestly-priced family restaurant; the menu says "no substitutions" but the customer requests one anyway.

The customer wants a quick response. And the employee, facing the customer, would often like to be empowered to respond with something other than "No, it is against our rules" or "I will have to check with my supervisor." Empowering employees in these situations can lead to the sort of spontaneous, creative breaking of the rules on the front-lines that can turn a potentially frustrated or angry customer into a

satisfied one. This is particularly valuable when there is little time to refer the decision to a higher authority, e.g., the plane leaves in fifteen minutes.

- Employees feel better about their jobs--and themselves

Giving front-line employees the power to decide how to flexibly interact with customers heightens their feelings that they are doing meaningful work, and are responsible for it. Earlier, we mentioned Tom Peters' thinking on how strict rules can belittle human dignity. Empowerment, letting employees call the shots, allows employees to feel they have "ownership" of the job; it's not just a job description that they caretake for management. Think of the difference in how you treat your car versus one you rent. Have you ever washed a rental car? Decades of research on job design shows that when employees have a sense of control and of doing meaningful work they are more satisfied. This in turn leads to a lower level of turnover, absenteeism, and fewer union organizing drives.

- Employees will interact with customers with more warmth and enthusiasm

Research now supports our long-standing intuitions--customers' perceptions of service quality are shaped by the courtesy, empathy, and responsiveness of service employees.⁷ They want employees to appear concerned about their needs. Can empowerment help create this? One of us has done customer service research in branch banks that showed that when the tellers reported feeling good about how they were supervised, trained, and rewarded, customers thought more highly of the quality of service they received.⁸ In short, when employees felt that management was looking after their needs, they were more willing to take good care of the customer.

In service encounters, employees' feelings about their jobs will "spillover" to affect how customers feel about the service they get. This is particularly important when employee attitudes are a key part of the service package that customers purchase. In banking, where the customer receives no tangible benefits in the exchange other than a savings deposit slip, a sour teller can really blemish a customer's feelings about the

encounter.

- Empowered employees can be a great source of ideas about how to best serve the customer

Empowering front-line employees with a voice in "how we do things around here" can lead to improvements in how services are delivered and ideas for new services. In the bank study, we found that the tellers were able to accurately report how customers saw the branches' "climate for service," e.g., adequacy of staff, appearance of facilities, and how customers viewed the quality of service, overall.⁹

Front-line employees, then, can provide accurate data on how customers see the service delivery system and feel about the services they received. And these employees are often just dying for someone to ask them their opinion. When it comes to market research, can you imagine the difference in response rates from surveying your employees versus surveying your customers?

- Great "word-of-mouth" advertising and customer retention

Nordstrom's advertising budget is 1½% of sales versus an industry average of 5%. Why? Their satisfied-no-matter-what customers spread the word about their service and end up as repeat customers.

The Costs of Empowerment

What are the costs of empowerment?

- A greater dollar investment in selection and training

Employees who are effective, creative, problem-solvers on the front-line are not hired on the basis of chance or mere intuition. Too bad, because this would be a far less expensive hiring approach than the more systematic methods necessary to screen those who are good candidates for empowerment from those who might also break the rules, but not creatively. For example, Federal Express selects customer agents and couriers on the basis of very scientifically drawn profiles of successful performers in

those jobs.

Training is the even larger cost. An important benefit of the industrialization approach is that workers can be easily trained--and then put to work. New hires at SAS are formally assigned a "mentor" to help them learn the ropes; department managers within Nordstrom understand that it is their responsibility to orient and train new members of the sales team; new customer service reps at Land's End and L. L. Bean spend a week in training before handling their first call.

These selection and training costs are higher the more labor intensive the service. Retail banking, department stores, and convenience stores are labor intensive and so these costs can run high. Utilities and airlines are far less labor intensive.

- Higher labor Costs

Many consumer service organizations, e.g. department stores, convenience stores, restaurants, banks and so on, rely upon large numbers of part-time and seasonal workers to meet their highly variable staffing needs. Their time with the organization is often brief and their compensation is typically low, near minimum wage with limited benefits, or none.

Empowerment assumes that employees are guided by the organization's culture and values, not by attention to policies and procedures. Feeling one's way through the "ropes to know" and the "ropes to skip" when facing the customer takes time--that may not be available to either the employee, the organization, or the customer. Either the organization invests training dollars to try to quickly enculturate employees (probably unsuccessfully) who may not be around long enough to provide a return unless they are paid well, or it staffs with only full-time long tenure personnel whose wage costs are higher and who may not be needed when business is slow.

- Slower or Inconsistent Service Delivery

Let's take another look at our earlier examples of the potential benefits of empowering employees to deal with hotel guests wanting to check-in early, and airline

passengers requesting special treatment at the gate. True, this is a benefit, but only for the person at the front of the line! Customers at the back of the line are grumbling and checking their watches. Yes, they may have the satisfaction of knowing that they too may have the opportunity for a creative problem-solving session when (if) they reach the counter, but it is small consolation if the plane has already left.

Based on our experiences as both researchers and customers, we believe that customers will increasingly value "speed" in service delivery. Purposeful chaos may be at cross-purposes with this. We also believe that many customers value "fairness" and "no surprises" in service delivery. Customers may not like seeing employees cutting special deals with other customers. They also may like to know what to expect when they revisit the same service business, or patronize different outlets of a franchise. Empowerment, where service delivery is left more to employee discretion, can have difficulty delivering fairness and no surprises.

- Employees may give away the store or simply make bad decisions

Managers are often reluctant to empower their employees for fear they will give too much away to the customer. Perhaps they have heard the story of Willie, the doorman at a Four Seasons Hotel, who left work and took a flight to return a briefcase left behind by a guest; or they have heard of too many give-aways from empowered Nordstrom employees. For some services, the costs of give aways are far outweighed by enhanced customer loyalty, but not for all services.

Sometimes creative rule breaking can cause a major problem for an organization. There may be a "good" reason why no substitutions are allowed or why a coupon cannot be used on a certain day (e.g. an international airfare agreement); if so, having an empowered employee break a rule may cause the organization serious problems, something the employee may not even be aware of.

How to Empower: Understanding the Options

How to empower service employees is more of an unknown than how to industrialize service delivery. This is largely because the production-line approach is an example of the much-practiced and well-developed "control-oriented" model for the design and management of work organizations. Empowerment, on the other hand, can be thought of as an example of the more recent and still evolving move toward an "involvement" or "commitment" management model. It assumes that most employees can figure out the right thing to do if they are properly socialized, trained and informed. It also stresses that they can be internally motivated to perform effectively and that they are capable of a considerable amount of self-control and self-direction. Finally, it believes that most employees are capable of producing good ideas about how the business should be operated.¹⁰

Jan Lapidoth, Director of the SAS Quality Institute, says it really boils down to treating front-line employees as the bright, fully-functioning adults they are. Many flight attendants, bank tellers, and so on are also individuals who, in "real life," are raising children, arranging home financing and voting. It seems like we could trust them to decide if the beverage service should be offered a bit earlier, and the like.

The control and empowerment models differ in terms of whether four key features are concentrated at the top of the organization (the control model) or are pushed down in the organization (the involvement model) (1) Information about the performance of the organization e.g., company operating results, competitors' relative performance, (2) Rewards that are based on the performance of the organization e.g., profit sharing, stock ownership, (3) Knowledge that enables employees to understand and contribute to organizational performance e.g., problem-solving skills, skills in understanding the business, and (4) Power to make decisions that influence work procedures and organizational direction e.g., quality circles, self-managing teams. Employees are truly empowered to the extent they have a significant amount of knowledge, rewards, information, and power. (See figure 1.)

Three different approaches to increasing employee empowerment can be identified.¹¹ They differ in the degree to which the four features are pushed down to the front-line.

Suggestion Involvement asks employees to solve problems and to generate ideas that will affect how the work is done. Formal suggestion programs are the most popular means of providing employees a voice in how to solve work-related problems. Quality circles represent a recent version of suggestion involvement and are an important part of many total quality control programs.

Suggestion involvement represents a small shift away from the control model. Employees are encouraged to contribute ideas via formal suggestion programs or quality circles, but their day-to-day work activities do not really change. Also, employees are only empowered to recommend; management typically retains the power to decide whether or not to implement.

Suggestion involvement can produce some of the gains possible with empowerment, without altering the basic production-line approach. McDonalds, for example, really listens to the front-line. The Big Mac, Egg MacMuffin, and McDLT all were invented by individual employees within the system; as was the system workers use to wrap burgers without leaving a thumbprint indentation in the bun. As another example, Florida Power and Light, which won the Deming quality award, defines empowerment in suggestion involvement terms.

Job Involvement involves important changes in the way work is done. Jobs are redesigned so that employees use a variety of skills in performing them; provided heightened feelings that their tasks are significant; have considerable freedom in deciding how to do the work; get more feedback from their work; and handle a whole, identifiable piece of work. Research shows that employees find enriched work more internally motivating, and satisfying, and they do higher quality work.¹²

Often, job involvement is accomplished through the extensive use of teams and

groups. Teams are often appropriate in complex service organizations such as hospitals and airlines because individuals cannot offer a whole service or deal with a customer from the beginning to the end of their interface with the organization. Teams can be used to empower back-office workers in banks and insurance companies, as well.

Job involvement represents a significant departure from the control model because of its dramatic "opening up" of the content of employees' jobs. Employees require training to deal with the added complexity. Supervisors, who now have fewer shots to call need to be reoriented toward supporting the front-line, rather than directing it. Despite the heightened level of empowerment it brings, the job involvement approach does not change higher-level strategic decisions concerning organization structure, power, and the allocation of rewards. These remain the responsibility of senior management.

In a High-involvement organization, employees at the lowest level have a sense of involvement not just in how they do their jobs or how effectively their group performs, but in the performance of the total organization. High-involvement requires that virtually every aspect of the organization be designed differently than it is with the control approach. There is job enrichment but also there is information sharing on business performance. Employee knowledge of team skills, problem solving, and business operations need to be developed. Employees are involved in work-unit management decisions; there is profit sharing and employee ownership.

High involvement designs may be expensive to implement. Perhaps most troublesome, however, is that these management techniques are relatively under developed and untested. People's Express tried to operate as a high involvement airline and the on-going struggle to learn and develop this new organizational design was a contributor to its operating problems.

Today, America West is trying to make the high-involvement design work. New

hires spend 25% of their first year's salary to purchase company stock. All employees receive annual stock options. Flight attendants and pilots develop their own work procedures and schedules. Employees are extensively cross-trained so they can work where they are needed.

Federal Express displays many features of high-involvement. A couple of years ago, it began a company-wide push to convert to teams--including the back office. It organized its 1,000 clerical workers in Memphis into superteams of five to ten people, and gave them the authority and training to manage themselves. These teams helped the company cut customer service problems, such as incorrect bills and lost packages, by 13% in 1989.

When to Empower: A Contingency Approach

The history of management thought and practice has frequently been seduced by the search for "one best way to manage." Unfortunately, the complexity of the business world does not lend itself to universal truths, only "contingency theories" of management. It is possible that empowerment is a universal truth, but the weight of the historical evidence is against it.

We feel that both the empowerment and production-line approaches have their advantages, and that as shown in Figure 2, both fit certain situations. For all situations, the key is to present the face that best meets the needs of both employees and customers.

Basic Business Strategy

A production-line approach makes the most sense if your core mission is to offer high volume service, at the lowest cost. The "industrialization of service" certainly leverages volume. On the cost-side, the question is, what is the value-added from spending the additional dollars on employee selection, training, and retention

necessary for empowerment? This question becomes even more compelling in labor intensive services (e.g. fast-food, grocery stores, convenience stores) in which labor is a substantial percentage of operating costs. This is particularly true where efficient staffing requires the use of part time and/or temporary employees.

The answer to the value-added question depends on what the customer really wants from the service firm--and what they are willing to pay for. Obviously, customers want good service. However, good service can be defined in a number of ways. Certain customer segments are just plain looking for cheap, quick, reliable service. Yes, they do want quality, in the sense of a warm hamburger, rather than a cold one. But they are not necessarily expecting quality in terms of the much talked about "serve me", "mother me" dimension of being polite, engaging, and attentive to customers' special needs. Or, even if they wanted it, they wouldn't pay for it.

In this case, a production-line approach is the face customers prefer. A recent study of convenience stores even found a negative relationship between clerks being friendly with customers in-line and store sales.¹³ Customers were after speed and were generally turned-off by spontaneous clerks who slowed things down. The key point is that customers themselves, may prefer to be served by a non-empowered employee. Not all customers want a flexible, creative employee to serve them. Customers of some services actually want a fast, efficient, "by the rulebook" employee to serve them.

At Taco Bell, counter attendants are expected to be civil, but Taco Bell wants to serve customers who want low cost, good quality, fast food. They hire handicapped workers who can execute the production-line, but are not expected or encouraged, to be creative problem-solvers on the front-line. Interestingly, Taco Bell also feels that as more chains move to customized, service-oriented operations, this leaves the fast, production-line, low price approach market niche even more open to them.

The use of a production-line approach does not rule out using suggestion involvement. As mentioned earlier in the case of McDonald's, employees often have

ideas even when much of their work is routinized. Quality circles and other approaches can be used to capture and develop them.

On the other hand, SAS has a targeted market segment, the frequent business traveller, who wants the quality "serve me" dimension more than speed and cost (most business travellers do not even pay their own way). Consequently, Jan Carlzon took the approach of looking at every ingredient of the company's service package to see if it fit this customer segment's definition of service quality, and, if so, whether or not they would pay for it. The analysis has led to SAS being sure that the frequent business traveller pays the training and other costs associated with empowerment.

Business Strategy and Service Recovery

There are two main ingredients in customer service. One is delivering the service e.g., checking a guest into his hotel room. The other is recovery e.g., relocating him from a smoking floor to the non-smoking room he requested when he made the reservation. Can recovery be programmed, or do even production-line approaches to service delivery require an empowered approach to service recovery?

All service organizations need to take recovery seriously, regardless of their basic business strategy. Customers may differ in their preferences for speed versus customization in service delivery, but all customers feel service businesses ought to fix things when service is delivered improperly.

At the same time, service managers should not be seduced into too great a focus on recovery. We say, seduced, because it is possible to confuse good service with heroics and inspiring stories about empowered service employees excelling in the art of recovery. Recovery has more sex appeal than dealing with the nitty-gritty detail of building quality into every seemingly mundane aspect of the service delivery system, but an organization that relies on recovery may end up losing out to firms that do it right the first time.

The primary importance of delivery is evident in the research data which show that reliability, "doing it right the first time" is the most important dimension of service quality in the eyes of customers.¹⁴ It matters more than dimensions such as the employees' customer responsiveness, courtesy, competency, empathy or the attractiveness of the service setting. Regrettably, the same data show that a sample of large, well-known firms are more deficient on reliability than on these other dimensions. The value of recovery is that fixing things after doing it wrong the first time can turn a dissatisfied customer into a satisfied, even loyal, customer. Yet for customers, recovery still comes in second to doing it right the first time.

Figure 3 shows the two ingredients of service, delivery and recovery, and the possibility of facing the customer, on each, with an empowerment or production-line approach. McDonalds' operates with a production-line approach to both delivery and recovery. If a customer complains that her burger is cold, she gets another one, unconditionally. But given the high-reliability of the production-line, how often does a customer get a cold hamburger?

Clearly, companies like SAS and Nordstroms operate with empowered delivery and recovery. The "mixed modes" are more complex cases. UPS and many utility companies appear to face the customer with a production-line approach to delivery, but rely on empowered recovery. Much less common are organizations that operate in an empowered mode with delivery but rely on production for recovery. It might be appropriate when recovery needs to be very rapid because of an emergency situation and needs to involve the coordinated action of several employees e.g., in a fire or airplane emergency.

In many respects, the "mixed" models represent the greatest management challenge. In order for them to be effective, managers need to do a good job of gaining acceptance of the need to use two approaches and also to establish clearly when each applies. Even when a good job of this is done, there is likely to be conflict when the

organization needs to use its recovery style (assuming this is used less often) because it is likely to be in conflict with the organization's day to day practices concerning information, power, knowledge and rewards.

Nature of the Tie to the Customer

Empowerment is the best approach when service delivery involves managing a relationship. This is in contrast to simply performing a transaction. There are times when the service firm wants to establish a relationship with customers in order to build loyalty and to get ideas from them about how to improve the service delivery system, or what new services to offer. A flexible, customized, problem-solving face can help establish the relationship and get the ideas flowing.

The returns on empowerment and relationship-building are higher with at least modestly sophisticated services and delivery systems. An empowered service employee in the international air freight industry is more likely to learn from a relationship with customers than is the empowered gasoline station attendant.

The relationship, itself, can be the principle valued commodity that is delivered in many services and here, again, empowerment is the best way to face the customer. When no tangibles are delivered e.g., as in the case of estate planning or management consulting, the service provider often is the service in the customer's eyes and empowerment allows the employee to customize the service to fit the needs of the customer.

The more enduring the relationship, and the more it is an important piece of the service package, the stronger the case for empowerment. Remember the earlier example of how Disney tightly scripts its ride operators, but Club Med encourages the spontaneity of its GOs? The reason for this, as explained by Club Med's CEO, is that Disney employees relate to their guests in thousands of very brief encounters; GOs, on the other hand, have week-long close relationships with a more limited number of

guests. The valuable service they sell is "time."

Technology

The kind of technology used by the service firm, and the kinds of jobs that go with it, is a key contingency. It is very difficult to build challenge, feedback, and autonomy (the characteristics of enriched work) into a telephone operator's job, given the way the delivery technology has been designed. The same is true of many fast-food operations. In these situations, the technology limits empowerment to only suggestion involvement and ultimately may almost completely remove individuals from the service delivery process as has already happened with ATMs.

When technology is a constraint on empowerment, service managers can, nonetheless, support front-line employees in ways that enhance their satisfaction and the quality of service they provide customers. For example, if the jobs themselves cannot be enriched, then supervisors can at least show employees consideration and care. Also, managers can communicate and show employees how much their jobs matter to the success of the organization. In other words, managers can try to do a better job of making the old management model work!

Routine work can be engaging if those doing it are convinced that it matters to something they care about. An extreme example of this is how volunteers will spend hours licking envelopes in a fund raising campaign for their favorite charity. A less extreme example is the employees of Disney theme parks who, though tightly controlled, perform repetitive work admirably, partly due to a belief in the values, mission and show business magic of Disney.

Business Environment

Service businesses that operate in an environment of "surprises" benefit from empowerment. Airlines face an environment full of unpredictable challenges to their

operations: bad weather, mechanical breakdowns, and competitors' actions. They serve passengers who often make a wide variety of requests for special services. In response, flexible and creative problem solving employees are needed. It is simply impossible to anticipate many of the situations that will occur and to "program" employees to respond to them. Employees trained in purposeful chaos are right for unpredictable environments.

Fast-food restaurants, however, operate in stable environments. Operations are fairly fail-safe; customer expectations are simple and predictable. In this environment, the service-business can face the customer with a production-line approach. The stability of the environment allows, even encourages, managing operations via policies and procedures because most of the situations that occur can be predicted and the best response identified.

Value Systems

Empowerment and production-line approaches demand different types of managers and employees. For empowerment to work, particularly the high involvement form of it, managers need to have Theory Y participative beliefs that their employees can exercise self-control for the benefit of both the organization and customers. If the management ranks are filled with Theory X autocratic types, who believe that employees only do their best work when closely supervised, then the control-oriented, production-line approach may be the only feasible alternative unless the organization changes its managers.

Employees will respond positively to empowerment only if they have strong needs to grow and to deepen and test their personal competencies--at work. A checkered history of job enrichment efforts have taught us not to assume that everyone wants more autonomy, challenge, responsibility, and so on, at work. Some employees simply prefer a production-line approach.

Lastly, empowerment that involves teamwork such as self-managing workgroups requires that employees are also interested in dealing with their social and affiliative needs at work. It also requires that employees have good interpersonal and group process skills.

The Future of Service Work

How likely is it that more and more service businesses will choose to face the customer with empowered employees? Will the high-involvement, employee-centered management philosophy of empowerment be embraced by service managers over the more control-oriented, production-line approach?

Our guess is that more service organizations currently operate on the control end of our continuum than is called for by the business situation they face and the strategies they have adopted. The results of a recent survey of companies in the "Fortune 1000" offer some support for this view.¹⁵ It revealed that manufacturing firms tend to use significantly more employee involvement practices than do service firms. For example, manufacturing firms use quality circles, participation groups, and self-managing work teams far more so than service firms.

Why are the various approaches to empowerment more frequently applied in manufacturing? Our explanation is that global competition has placed more pressure to change on the manufacturing sector e.g., automotive, electronics, and steel. This has created more dissatisfaction with the old control-oriented way of doing things. Also, it can be easier to see the payoffs from different management practices in manufacturing than in service. Often, increases in objective measures of productivity are more visible and clearly connected to profitability than are improvements in customer perceptions of service quality. However, these differences are now blurring as competition in services increase and service companies become more sophisticated in tracking the benefits of customer service quality.

As service businesses consider empowerment, they can look at high-involvement manufacturing organizations as "labs" in which the various empowerment approaches have been tested and developed. Many lessons have been learned in manufacturing about how to best use quality circles, enriched jobs, and so on. And the added good news for service businesses is that many of them are ideally suited to applying and refining these lessons. Multi-site, relatively autonomously run service operations afford their managers an opportunity to customize, and then evaluate first-hand, the effectiveness of empowerment efforts.

In summary, the newest approaches to managing the production line can serve as role models to be applied in many service businesses, but should not be used in all service businesses. Before service organizations rush into empowerment they need to see if it fits their situation. If it does, then they need to determine which type of empowerment fits best.

References

1. T. Levitt, "Production-Line Approach to Service," Harvard Business Review, September-October, 1972, pp.41-52 and T. Levitt, "Industrialization of Service," Harvard Business Review, September-October, 1976, pp.63-74.
2. D. Tansik, "Managing Human Resource Issues for High-Contact Service Personnel," In D. Bowen, R. Chase, and T. Cummings, Service Management Effectiveness (San Francisco: Jossey-Bass, 1990).
3. This quotation is from T. Levitt, "Production-Line Approach to Service," Harvard Business Review, September-October, 1972, p.43.
4. R. Zemke and D. Schaaf, The Service Edge: 101 Companies that Profit from Customer Care (New York: New American Library, 1989), p.68.
5. As quoted in Zemke and Schaaf, op.cit, p. 68.
6. J. Carlzon, Moments of Truth, (New York: Ballinger, 1987).
7. V. Zeithaml, A. Parasuraman, and L.L. Berry, Delivering Quality Service: Balancing Customer Perceptions and Expectations (New York: The Free Press, 1990). Also, B. Schneider and D. Bowen, "Employee and Customer Perceptions of Service in Banks: Replication and Extension," Journal of Applied Psychology, 1985, 70, 423-433.
8. Schneider and Bowen, op.cit.
9. Schneider and Bowen, op.cit.
10. See E.E. Lawler III, High-Involvement Management, (San Francisco: Jossey-Bass, 1986).
11. See E.E. Lawler III, "Choosing an Involvement Strategy," Academy of Management Executive, 1988, 2, 197-204.
12. See, for example, J.R. Hackman and G.R. Oldham, Work Redesign (Reading, Mass.: Addison-Wesley Publishing Company, 1980).
13. R.J. Sutton and A. Rafaeli, "Untangling the Relationship Between Displayed Functions and Organizational Sales: The Case of Convenience Stores" Academy of Management Journal, 1988, 31, 461-487.
14. Zeithaml, Parasuraman, and Berry, op.cit.
15. E.E. Lawler III, G.E. Ledford, Jr., and S.A. Mohrman, Employee Involvement in America: A Study of Contemporary Practice (Houston: American Productivity & Quality Center, 1989).