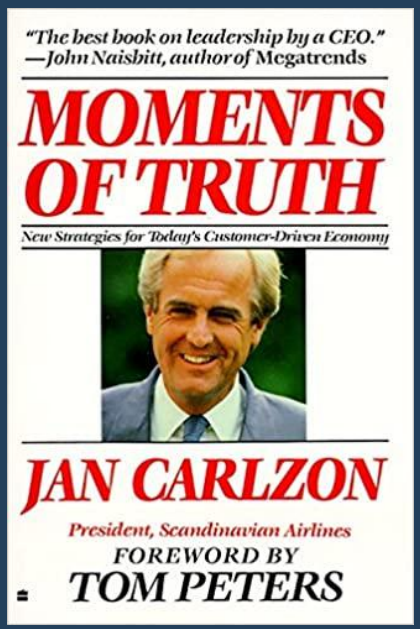

Moments of Truth

Year of publication: 1989
Author: Jan Carlzon
144 pages
Link for purchase: https://amzn.to/3gdPCBi

The book "Moments of Truth" has an intriguing content about the author's confrontations during his career in managing a Scandinavian airline.

In contact with the company's daily life, the author demonstrates the use of various management tools throughout their histories.

The book has 144 pages divided into 12 chapters.

If you want to know more about the universe of big companies and how they are managed, this is an important read.

Score

9

9 Aplicability
10 Inspiration
8 Innovation
9 Impact on results
8 Structure

Main ideas of the book

At first, we have separated the main points of the book summarized into a few short sentences:

- In times of intense competition between markets, it is important that companies become focused on meeting their customers' needs;
- In a customer-facing company, leaders should provide frontline employees with the authority to address their individual needs with agility and courtesy;
- Redistributing responsibilities will increase the number of satisfied customers, which will ensure an advantage over the company's competitors;
- Standardized hierarchy only undermines the business view;
- Decisions from the top of the pyramid will not always be the right one.

To whom is this book indicated?

This book is indicated for business managers, administrators, industry leaders, as well as those who enjoy business stories.

Overview of the book

Overview: The Moment of Truth

Jan Carlzon refers to the "Moment of Truth" as a different way of running companies by reversing the traditional hierarchical pyramid, where top executives are top and bottom managers and those in direct contact with customers.
According to the author, because of growing markets and a substantial increase in competition, it is critical that companies be customer-driven rather than product-driven.
For him, a product-oriented company can easily be replaced by a new competitor that offers a similar product at a lower cost.
However, a customer-facing company is more likely to build customer loyalty by incurring revenue for the company much longer.
In a customer-driven company, leaders must provide frontline employees with the authority to address their individual needs with agility and courtesy. For Carlzon, redistributing responsibilities will increase the number of satisfied customers, which will ensure an advantage over the company's competitors.

Overview: The Vingresor and Linjeflyg Twists

Vingresor

The author relates his first experience as president of a company, Vingresor, a subsidiary of Scandinavian Airlines System, and how he changed his leadership attitudes during his tenure.
In 1974, Vingresor faced strong challenges due to the oil crisis. This has caused transport prices to rise and, on the other hand, profit margins to decrease.
Carlzon's assumption was to dramatically lower costs so that even if customers reduced from 210,000 to 170,000, the company would still have exactly the same estimated financial result.
Carlzon, in addition to the cost reduction policy, restructured the company as a whole to serve more customers should the market return to what it was before the crisis.
At the end of the first year of management, he delivered more profit than the company had ever made.

Linjeflyg

In 1978, Carlzon was invited to assume the chairmanship of Linjeflyg (SAS-affiliated domestic airline).
Initially, the proposal to take over the company seemed, to the author, not very challenging, which made him refuse more than once. However, after understanding that the company really needed him, he stepped back and accepted the position.
In fact, Linjeflyg already faced several problems. A year before Jan Carlzon took office, the occupancy rate of the flights was only 50% and the planes flew about 4.8 hours a day, with the international average 7 hours.
The following are the main measures taken by the author when he assumed the position as president:

- Changed the orientation of the company so that it was customer-oriented;
- Led the creation of several marketing campaigns focused on customer needs;
- Drastically reduced prices to increase the occupancy rate.

The result obtained at the end of a year despite reducing tariffs by an average of 11%, was the increase in revenue from $84 to $105 millions.

Overview: SAS Turnaround

In 1980, Carlzon was invited to assume the position of the chief operating officer at SAS. At this time the airline industry was facing a widespread crisis.
It is noteworthy that SAS was controlled by private and public entities (Governments of Denmark, Norway, and Sweden).
When the plaintiff took office, the company had a $20 million loss. Executives quickly turned to sharp cost savings, however, Jan Carlzon knew that this would not be enough to reverse that result.
In the meantime, it was paramount that the group increases their revenue. After taking office, a strategic plan was devised that proposed to look at expenses as a revenue aggregator, and this plan was approved by the board with some enthusiasm.
Carlzon returned the company to the customer, training the front-line staff to meet needs quickly. The goal was to increase satisfaction and retain passengers.
Thus, EUROCLASS was created, which offered differentiated services for business travelers (the company's main public at the time) at full-cost.
With this differentiation alone, earnings increased by $80 million in the first year. After three years, the number of passengers paying full fare increased by 23%.
In 1983, the airline was named by Fortune Magazine as the world's best airline for business travelers. Also in the same year, it was recognized by Air Transport World as the “Airline of the Year”.

Overview: Leader Profession

The author discusses, during the book “Moments of Truth”, the role of the leader in an organization. According to Jan:

“A leader is not chosen because he knows everything and can make a decision. It is chosen to gather the available knowledge and then create prerequisites for doing the work.”

The standard hierarchy only undermines the business view and argues that the decisions made at the top of the pyramid will not always be the right ones.
This is because the executive will not have enough time to go into all matters, which can lead to a wrong decision or action that will never be taken.
In the long run, these various issues can influence the bottom line of the company as a whole.
Carlzon advocates customer-centric and hierarchically decentralized management.
This method makes ideas flow smoothly across the company directly from front-line employees, who have direct contact with customers but makes it clear that the final decision on whether to implement new strategies. It's from the board that knows the whole.
For Carlzon, today's leader must have strategic thinking in order to be able to brush on various issues to see the best way to solve a company's problem.

Overview: Establishing the Strategy

Carlzon highlights the importance of knowing how to command a company's strategy and the difference it makes in achieving business success.
The author reports his experience at SAS where his first challenge was to discover his target audience and how it changed the company's direction, from new investments, marketing actions, and others.
For the author, every company should first focus on understanding who are their customers, and then set goals and strategies that will be used to achieve them.

Overview: Flattening the Pyramid

The author argues how much a company can benefit by flattening the hierarchical pyramid.
For Carlzon, flattening the pyramid is understanding whether all sectors of the company are being used well. Optimizing resource utilization by giving authority to frontline employees.
Employees who serve customers must have sufficient authority to solve issues immediately and know what actions can be taken to meet customer needs and increase customer satisfaction.

Overview: Taking Risks

Carlzon discusses the importance of understanding market needs and that it is often mandatory to use intuition and risk. Intuition does not mean neglecting analysis and strategic planning, but using these tools as a guide.
The actions taken by the author in the companies in which he was a manager were not new in the market at the time. What made him successful was beyond the strategies and planning used, was the courage to apply.
A traditional manager is unlikely to increase costs in a $20 million loss company like SAS in 1980.
However, Jan Carlzon used his intuition and sense of opportunity to do so, increased costs to set up EUROCLASS to serve executives, and the success was proven, the company within a year achieved positive results by focusing on the business customer.
Carlzon discusses limiting beliefs. Often executives or even front-line employees do not make certain decisions or suggest actions for fear of displeasing a superior.
But for the employee to be able to effectively make the leap without being harmed, they must be supported by internal and external security where both are created by upper and middle management.

Overview: Using communication

The author discusses the importance of communication within a company.
This communication concerns both official materials informing any change of the company and the communication of leaders and all their employees.
The executive also talks about nonverbal communication. For him, the leader must mirror the behavior that others should follow. In this sense, it is important that the leader is close to the team, for example, having lunch with all employees.

Overview: Councils and Unions

In this chapter, the author talks about the importance of the board of directors in companies and how executives should understand the functioning of these members, so that planning and investments are directed according to the company's strategy.
Jan Carlzon points out that often minor issues are brought to the board while the ideal would be to bring the big issues and strategies from top management to the company, so that board members will feel more involved and share the opinions of experienced entrepreneurs.
Carlzon unions, which are seen as enemies of business, have their role. In the decentralized management model, unions need to associate with company management.

Overview: Evaluating Results

Jan Carlzon talks about assessment methods and how important they are to understanding customer and employee satisfaction with delivery service.
In some cases this assessment is more complicated, for example, employees working in the service area receive customer feedback all the time, but there are numerous behind-the-scenes occupations.
In this case, the author suggests that companies create an internal feedback system and that meet some metrics that make the company plan. Furthermore, it is important to publish the results in a pre-established period in order to follow the development and improve the items identified as critical.
Carlzon draws attention to what is being evaluated, sometimes the problem is at an unseen point and companies often believe that they are doing well when the reality is different.

Overview: Rewarding Employees

The author highlights the importance of rewarding employees for their merits. Everyone should be recognized for their work and commitment, so it is important that companies worry about how to make this compensation in order to be well accepted by all employees.

Overview: The second wave

The author concludes the book by stressing the importance of having long-term strategic planning of the company, and don’t create expectations in a period of elaboration of new objectives.
In the case of SAS, at first, the objectives and strategies were clear, it was necessary to increase revenue, come out of the loss and build customer loyalty.
However, having completed these goals, the company went through a delicate period where several decisions caused internal discomfort precisely because it didn’t have a clear objective.
Carlzon worked hard on this new goal and concluded that the goal was for SAS to work efficiently in a free competition environment.
Making the decisions, the company returned to the normal rhythm.
The author's ideas are focused on decentralizing the hierarchical pyramid because it is the user who pays for costs and makes the company profitable, so why not be focused on it?

What do other authors say about it?

In “Developing the Leader Within You 2.0”, John Maxwell discusses the importance of the leader demonstrating that he cares about his team and developing leaders among them. In addition, he works with the idea that 80% of his efforts should be channeled into 20% of his most important priorities to reach his goals.

Heidi K. Gardner's “Smart Collaboration” book underscores the importance of cultivating smart collaboration with your employees. Thus, there is a team of great professionals aligned in order to expand their horizons, innovate, work in teams and win customer loyalty.

In the book “The Sales Bible”, the author Jeffrey Gitomer advises: listen well to your customers. As the author says, this is related to the first rule of the sales world. Thus, the work gives a great tip: be quiet! Let the customer make up his mind, don't force his response, because that will make him uncomfortable.

Okay, but how can I apply this in my life?

With this book, it is possible to understand and put into practice service techniques, customer loyalty, decision-making, and leadership through cases solved by Jan Carlzon, as a manager of companies in the airline industry.
It's a great opportunity to create templates to apply to your business based on the lessons of this wise man.
With the book, you can immediately apply tasks such as:

- Evaluate whether your business is customer or product-oriented;
- Improve service techniques through training for your front-line staff to help them resolve customer issues quickly;
- Create products and services focused on your current target audience in order to serve them efficiently and earn their loyalty.

If you like this book, visit our complete collection with hundreds of Pocketbooks of the greatest sucess in the áreas of management, marketing and sales, leadership, strategy, personal development and entrepreneurship!

www.pocketbook4you.com

The content presented above reflects the vision and critical analysis of our writing team, respecting the fundamentals of intellectual property in Brazil (article 8, item I).
No part of the book is being copied. They are unique and exclusive content, always giving credit to the authors and indicating the link to purchase the complete work.
PocketBook4You respects the copyright code in accordance with Brazilian law, Law 9.610 / 98.
This content is the exclusive property of PocketBook4You and is protected by Copyright Law in its articles 46, I, (a) and its article 47, because it is not reproduction and do not imply any discredit, on the contrary, The moral right is protected and, as noted earlier, the reader receives a link to acquire the work. Reproduction of this material without permission of the company is prohibited.