

Note from editor: This book review particularly looks at the insights that the author provides in relation to leadership development

Moments of Truth
New Strategies for Today's Customer-Driven Economy
Jan Carlzon – President, Scandinavian Airlines
(1989) Harper Row Publishers, New York



*Giving someone the freedom to take responsibility releases
resources that would otherwise remain concealed*

Jan Carlzon

Jan Carlzon became Chief Executive Officer (CEO) of Scandinavian Airlines in 1981, at a time when the airline had suffered a loss of some \$30 million in 1979 and 1980. After his appointment Carlzon, as the newly appointed CEO, returned SAS to profitability within 12 months — this at a time that the international airline industry recorded a \$2 billion loss. In 1984 SAS was voted Air Transport Worlds “Airline of the Year”. The future looked rosy for the airline, Carlzon had published his book titled *Moments of Truth*, gaining worldwide fame for his philosophy of customer service and the empowerment of front line staff. Yet subsequent to the book’s publication and by 1990 the airline was again beginning to incur substantial losses, and by 1993 these totalled \$400 million. In late 1993 Carlzon was replaced as CEO of the airline (Flint 1995). What had gone wrong? Is it possible to find answers in Carlzon’s own words expressed in *Moments of Truth*?

From the very first page it becomes clear that Carlzon’s leadership philosophy is one of the flattening of hierarchies, fewer bureaucrats, faster reaction times and the free flow of ideas. Tom Peters in the Foreword (p. viii) made the comment that Carlzon proactively eliminated the barriers to communication and turned people from administrators into leaders and facilitators.

The book is written in the first person and, therefore, is open to the strong possibility of becoming a personal salute to Jan Carlzon. However, Carlzon manages to prevent this for the most part by telling stories against himself, freely admitting mistakes made early in his career. Blois (1992) supports this view when it is noted that Carlzon is generous in his praise of others and noticeably gives more examples of bad decisions made by himself, than those made by others. For example, Carlzon describes in detail his first role in a CEO position in 1974 at Vingresor and how he began acting out a role that *he believed* he had been given, and as such had the solutions to everyone’s problems and became nicknamed ‘*ego boy*’. Finally, a colleague working for him summoned up the courage to confront Carlzon and explain, in a somewhat pointed manner, the mistakes the very new CEO had been making.

Alter (1998) described a similar leadership development experience at 3M where it was discovered that managers learned from interaction with colleagues and from experience, not necessarily from formal classroom training. Carlzon took to heart the lessons learnt at Vingresor saying “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” (Carlzon 1989, p. 32).

Dunphy (1981, p. 94) described how people who seek to initiate significant change in organisations must be mature individuals, and mature individuals display an ability to learn — in particular learn continuously and learn from their mistakes. What is clear from the book and highly significant with regard to leadership development is that Carlzon demonstrated considerable maturity and learnt some very valuable lessons that have stood him in good stead during his time at SAS.

In addition, he learned that people need to work in an atmosphere where they are treated with respect and as individuals. This includes encouraging people to take responsibility for their jobs and create a climate that encourages innovation and creativity — an environment that allows people to take risks and make mistakes. Martinsson (1988) quotes Carlzon as maintaining that an organisation that punishes mistakes will stultify initiative and then fossilise. “Too often we catch people doing things wrong and come down on them like a ton of bricks. But if we look for the good things and praise people for them we will get results” (USQ Study Guide 2000, p. 11).

Kotter (1990) stated that the most typical and important experiences that leaders can have are ‘real challenges early in a career’. This early challenge is typified by opportunities during their twenties and thirties to actually try to lead, to take a risk and to learn from both triumphs and failures. If there is one major weakness in the book, it is that the lessons associated with significant failure (as opposed to mistakes) are absent. The lessons that are learnt when one fails are usually the most valuable of all. Such learning seems essential in developing a wide range of leadership skills and perspectives (McNally 1999).

Kotter (1990) believed that opportunities such as this help teach about the qualities of leadership and the potential for producing change. Experiences that help potential leaders see that management techniques do not always work when it comes to adapting organisations to shifting environments, and that leadership qualities may be more appropriate. They also provide people with insights into their own relative strengths and weaknesses pertaining to leadership.

Most importantly, Jan Carlzon manages to balance the insights and commentary on his various themes with the anecdotal stories. These anecdotal stories, if present on their own, could cause the reader to wonder if this was not an opportunity for the author to enhance his self-esteem. It is the very fact that the valuable insights — especially in the area of leadership development — are present at the level they are, that prevents the book becoming, as so many similar books have, an opportunity for the author to indulge in grandiosity.

So what did go wrong? Was Carlzon a victim of his own success? Anecdotal evidence indicates that Jan Carlzon became so consumed with achieving the vision he created, he took his ‘eye off the ball’. That is, the basics were no longer being looked after.

Another view could be that Jan Carlzon had achieved all that he could for the airline and that a very important part of his leadership learning occurred when he was replaced. There is a time when everyone must realise that they have achieved all that they can and it is time to let someone else take the helm. Blois (1992) made the point that different types of strategic changes make different managerial demands and call for different personal characteristics. There may be limits to the number of strategic changes that one individual can lead over the life of an organisation. The Leadership Development Study Guide (p 13) reinforced the point that context is important: “It makes a difference if we are dealing with a start-up company and entrepreneurs, as opposed to an old mature public sector organisation and its middle managers”. Because Jan Carlzon had always been successful, and from a very early stage in his career (he was one of the youngest CEOs ever appointed in the airline industry), he did not have the opportunity to learn the lessons associated with failure.

If Jan Carlzon has learnt this vital leadership lesson as well as he learnt from the earlier mistakes he made in his career, then he will return an even stronger leader in the future.

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