

WHY SERVICE ORGANIZATIONS FAIL TO GET DESIRED RESULTS: THE FRONT LINE MANAGERS' PERSPECTIVE

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ABSTRACT

This descriptive study identifies why service organizations fail to get desired results in these rapidly changing times. A structured survey was distributed to 274 front-line managers from a consortium of service organizations operating in the transportation and distribution industries. The sample of front-line managers rank ordered the top 25 factors that negatively impact their organizations' ability to get desired results. The causes and the consequences of each factor are discussed and the lessons for practicing service executives and managers are discussed. In addition, specific recommendations are offered that can be used to improve the performance of service enterprises.

"Service organizations are finding themselves competing at a whole new level in the twenty-first century...there is simply more competition and the environment is so dynamic these days that failure is a possibility in the minds of some managers for the very first time in their careers...this is a sobering reality."

A SENIOR LOGISTICS EXECUTIVE

According to the senior logistics executive quoted above, "Service organizations are finding themselves competing at a whole new level." While this comment is the view of just one executive, research supports his belief that competition across the service sector is accelerating and this acceleration is taking place in a very dynamic fashion (Siha, 1999; Ziegler and Slayton, 2002). The growth, role, and importance of the service sector in the economies of most developed nations are indisputable (Ghobadian, Speller, and Jones, 1994). While the contribution of the manufacturing sector to the GDP in many developed nations is contracting, the contribution of the service sector is expanding. The most recent available data shows that the service sector comprises 80 percent of U.S. employment and 64 percent of the U.S. Gross Domestic Product (GDP) according to the U.S. Department of State (2003).

As this shift from a manufacturing-based economy to a service-based economy is taking place in many developed countries, researchers have taken greater interest in the study of the service sector in order to identify the challenges faced by businesses within this sector (Longenecker and Scazerro, 2000). Wilson (1988) has identified a number of significant ways that service and manufacturing organizations differ. These differences are listed below and suggest that models for success and failure in service

organizations have "nuances" that need to be better researched and understood to improve service quality and overall performance:

- Product quality typically takes time to be appreciated while service quality is appreciated immediately.
- Products are delivered impersonally while services tend to be delivered personally.
- Products offer benefits while services frequently solve problems.
- Products are generally tangible and enduring while services tend to be more intangible and ephemeral.
- Product benefits are designed and created centrally while service benefits are produced at POS (point-of-sale).
- Product innovation is sensitive to materials and process technology while service innovation is extremely sensitive to information and communications technology.

LITERATURE REVIEW

A review of the limited but growing body of research on service organizations shows that we still know very little about why service enterprises fail to achieve desired levels of performance (Siha 1999). While researchers interested in the service sector are making great strides to better understand the factors

that drive service performance, the issue of service failure has not been thoroughly researched and understood. (Wilson, 1988; Ghobadian, Speller, and Jones, 1994; Longenecker, Dwyer, and Stansfield, 1998).

At the same time, the worldwide economic climate of the 21st century is causing many service organizations to experience an inability to achieve desired levels of performance that were taken for granted in the past (Collins, 2001). This disparity between desired performance and actual performance, also known as a “performance gap”, may manifest itself as any one or more of the following negative outcomes for service enterprises:

- Loss of market share
- Slipping profit margins
- Declining earnings
- Loss of productivity
- Rising administrative/overhead costs
- Poor cycle-time
- Declining customer satisfaction
- Unacceptable operating ratios

Any one or more of these factors may indicate that a service organization is not performing at a desired or optimal level.

When a serious “performance gap” occurs in any enterprise or industry, executives, researchers, commentators, and consultants quickly attempt to identify the key causes of organizational failure to redress the problem (Collard, 1996). These pundits typically have very strong positions and opinions on the cause of problems and their concerns frequently fall into one of the following five categories: 1) top management’s failure to provide effective, strategic leadership and decision-making; 2) customer and marketing failure to create value, acceptable service, and effective presence in specific markets; 3) system and structural failure to develop effective internal operating mechanisms and support structures (thus influencing the organizations ability to compete); 4) financial management failure in a variety of areas, including excessive debt, expensive working capital, and lack of financial controls; and /or 5) the inability to effectively change (Longenecker, Simonetti, and Sharkey 1999).

What is frequently missing in the macro, “big picture” discussions of why service organizations fail is the perspective of front-line managers functioning at lower levels of service organizations (Longenecker and Neubert, 2001). Executives at different levels within an organization typically hold very strong different opinions as to what might cause a performance gap (Collins, 2001). The perspective of front-line managers, who are responsible for interfacing with both the workforce and customer, may provide a unique vantage point to better understand the causes of service organizational failure (Longenecker and Simonetti, 2001).

Front-line managers and supervisors have been deemed critical to an organization’s success because of their influence on the workforce and on the organization’s ability to change and adapt to current operational needs. Their commitment to an organization is crucial since they assign jobs, evaluate performance, implement changes, and shape the views of employees (especially new employees). It is the front-line managers who have been described as organizational “linking pins” between an organization’s plans and actions and may be the first to spot problems that eventually lead to failure (Mintzberg, 1973). This paper examines what front-line managers in the service sector see as the primary factors that cause failure and limit service organizations from achieving desired results.

METHODOLOGY

To begin, in-depth interviews were conducted with thirty-two (32) front-line supervisors/managers in three different U.S. service organizations in the transportation and distribution industries. Participants were asked the following open-ended question: “Based on your experience, what are the primary factors that cause your organization to fail to get desired results?” Responses to this question were content analyzed and the top twenty-five (25) factors were developed into a structured questionnaire with a Likert 5-point scale (1=no impact, 5=significant impact) to measure the impact of each factor on an organization’s ability to achieving desired results from the perspective of the front-line service manager. The questionnaire also included several open-ended questions concerning service performance and several related issues

Next, the questionnaire was distributed to 518 participants representing a cross section of front-line management personnel from a consortium of service organizations all operating in the transportation and distribution sector of the U.S. service economy. Two-hundred seventy-four (274) front-line supervisors/managers completed the survey with a response rate of 52.8%. The respondents were 79% male/21% female, had an average age of 37.9 years, an average of 8.2 years of managerial experience and had direct, front-line contact with their organizations' workforce and/or customers. The questionnaire data was analyzed and mean scores were calculated for each factor, which are arranged in hierarchical order in Table 1. The remainder of this paper will discuss the key findings from this descriptive study, focusing on the variables that had a mean score of 3.5 and above

Table 1. Reasons Service Organization's Fail To Get Desired Results (n = 274 Managers)

Rank	Factor	Mean Score
1	Poor Communication Practices	4.86
2	Ineffective Planning Practices	4.51
3	Failing to Remove Performance Barriers	4.44
4	Ineffective Leadership	4.32
5	Lack of Teamwork/Cooperation	4.27
6	Ineffective Staffing	4.23
7	Conflicting Performance Goals	4.17
8	Lack of Workforce Training/Development	4.15
9	Lack of Direction/Focus	4.10
10	An Inability to Rapidly Change/Adapt	4.09
11	Unclear Performance Responsibilities/Expectations	4.01
12	Unmotivated/Unproductive Workers	3.90
13	Lack of Accurate Performance Measurement Data	3.81
14	Lack of Ongoing Performance Feedback/Coaching	3.62
15	Ineffective Management Development Practices	3.59
16	Ineffective Reward Systems	3.20
17	Organizational Politics/Internal Competition	3.16
18	Lack of Accountability	3.15
19	Lack of Critical Resources	3.10
20	Fear/Negative Organizational Culture	3.01
21	Lack of Follow-Up/Follow-Through	2.79
22	Outdated Technology	2.78
23	Labor-Management Conflicts	2.73
24	Ineffective Operating Procedures/Policies	2.69
25	Poor Operating Structures	2.33

on a scale of 1 to 5 making them most important, and their implication on service quality and performance. Our discussion will thus focus on the top fifteen (15) causes of organizational failure from the perspective of the front-line managers to see what can be learned from their input.

THE FINDINGS: WHY SERVICE ORGANIZATIONS FAIL TO GET DESIRED RESULTS

"I think that we are like a lot of other service enterprises in that we sometimes struggle when we fail to practice the fundamentals of management...when that happens results and performance really suffers."

A Service Supervisors' Observation

A review of Table 1 provides a clear and unambiguous picture of why service organizations fail to achieve desired performance from the perspective of front-line management. And this review supports the contention of the service supervisor quoted above: fundamentals are key in competing in the service marketplace of the 21st century! Front-line managers are responsible for implementing organizational plans, interacting with the workforce and customers, and driving the processes and systems that are used to create the organization's services. This group represents management to the workforce and the workforce to management placing it in a very important position to comment on the root causes of service organizations' performance gaps. Causes and consequences of each of the top fifteen (15) failure factors will also be addressed.

CAUSE #1: POOR COMMUNICATION PRACTICES

According to the respondents, the most important reason for service organization failure is poor communication practices. These leaders are clearly in a position where having proper flow of information as well as useful interaction with those above them and below them are critical to getting results. Poor bottom-up communication deprives top management of valuable information concerning customer problems, the impact of policies, the effectiveness of systems, and simple changes that might improve performance (Thornton, 2001). Organizations that develop effective communication processes are more likely to have a more positive work environment and

to be more effective at retaining their employees (Shockley-Zalabak and Cesaria, 2003). Poor top-down communication can result in the failure of lower management to understand the initiatives or direction of top management, causing a communication's vacuum filled with speculation and rumors, thus hurting the bottom-line. Communication is the lifeblood of any organization and as a result, when communication breakdowns occur organizational performance can only suffer. Service organizations must develop effective communication practices at all levels and in all directions to set the stage for successful performance and to minimize the damage caused by ineffective communications (Johlke and Duhan, 2002). Communication becomes a priority when front line managers and top leadership start to treat it with the same enthusiasm as all other important business functions.

CONSEQUENCE #1: *When critical information does not flow in an effective and efficient fashion, decision-making, planning, problem solving, morale, and ultimately organizational performance suffer.*

CAUSE #2: INEFFECTIVE PLANNING PRACTICES

Lack of planning can quickly damage an organization's performance, as planning dramatically affects all parts of the organization from strategic issues to operational issues (Longenecker and Simonetti, 2001; Tan and Tan, 2005). Failure to plan means failure to effectively organize and control operations, which is critical in any service enterprise. For front-line managers, failure to plan means that every issue can become a potential crisis demanding an immediate solution which can evolve into a "crisis mentality" culture. In other words, "those who fail to plan, plan to fail." When management personnel, at any level, lack good planning skills and fail to practice effective planning, bad outcomes are inevitable and results will suffer. Vivrette (1996) states that planning serves three clear purposes, to create focus on a common target, to motivate people, and to create focus on rewards, which are all critical to service success. Systematic planning helps service organizations to clarify what they want to achieve, how to accomplish it, and what resources will be needed for success.

CONSEQUENCE #2: *Organizational action without the benefit of systematic planning practice produces unanticipated activity and poor performance.*

CAUSE #3: FAILING TO REMOVE PERFORMANCE BARRIERS

Performance barriers can and do exist in all service organizations and are a significant reason for poor performance and organizational failure (Longenecker and Scazzero, 2000). Many organizations, through neglect or unwillingness to deal with certain issues, allow performance barriers to persist over time. In a worst case scenario business leaders may even unwittingly make decisions that help to erect or sustain such barriers. Performance barriers can range from an ineffective operating procedure to bad personnel policies to poor equipment to an organization that places a premium on strict adherence to outdated policies. Performance barriers need to first be systematically identified and removed for service organizations to hit desired levels of performance (Longnecker and Simonetti, 2001). When organizational factors such as staffing, work rules, systems, SOP's, and/or structure are the cause, problem-solving vehicles must exist to remove such barriers on an ongoing basis (Reinhart, 2000). To not do so is to invite failure.

CONSEQUENCE #3: *Performance barriers will damage overall performance and breed frustration and contempt for an organization's leadership if not removed in a timely fashion.*

CAUSE #4: LACK OF EFFECTIVE LEADERSHIP

Effective leadership is and has always had a strong positive correlation with organizational performance (Collins, 2001). When a significant number of an organization's managers are ineffective, it creates tremendous stress on the rest of the management team and on the entire workforce (Longenecker and Stansfield, 2001). Not only are ineffective leaders likely to make less than satisfactory decisions, but other supervisors/managers must often compensate for their colleagues' mistakes by spending time with operating personnel to fix problems created by their ineptitude and "cleaning up their messes." Ineffective leadership on the part of service managers' may cause poor selection decisions, lack of training and development, ineffective communication skills, and lack of direction. If poor leadership in the management ranks is not identified and their performance corrected, organizational performance is likely to decline as a

result of a reduction in workforce direction, performance, and morale (Douglas and Fredenhall, 2004). Without effective leadership at all levels, management fundamentals such as communicating, goal setting, motivating, and controlling will suffer, and therefore damage organizational performance.

CONSEQUENCE #4: *A lack of effective leadership can create motivational and performance problems and hinder a service organization's ability to achieve the desired results.*

CAUSE #5: LACK OF TEAMWORK AND COOPERATION

Teamwork and cooperation are critical elements for success in service organizations. Lack of teamwork can make execution of organizational plans difficult and attainment of service goals almost impossible (De Cremer and Van Knippenberg, 2002; Longenecker and Ariss, 2004). Teamwork includes both workforce cooperation and the feeling that front-line managers are part of the "management team." Teamwork is the critical ingredient to producing superior customer service, a factor frequently lacking in service organizations that are struggling. When the organization's members are at cross-purposes performance suffers. Teams are an excellent way of achieving organizational goals and even improving job satisfaction. In most service organizations teamwork does not just happen, it must be created and nurtured by effective action on the part of leaders at all levels (Longenecker and Neubert, 2000).

CONSEQUENCE #5: *The lack of teamwork and cooperation at all levels creates inefficiencies, stress, and operational conflicts that damage service performance.*

CAUSE #6: INEFFECTIVE STAFFING PRACTICES

Most service organizations are very dependent on human capital and performance to achieve desired results (Ziegler and Slayton, 2002). When organizations under staff and workers become stressed, performance suffers, attention to detail suffers, and opportunities are lost. Understaffing breeds a host of problems, including heightened employee stress, difficulty meeting deadlines, dormant organizational growth, and increased employee turnover (Carlson and Connerly, 2003). When service organizations overstaff costs are inflated, profits suffer, and idle workers begin to seek

out activity that is not conducive to the organization's mission. All these problems are destructive to the overall morale of the organization and could be avoided with appropriate staffing. In addition, when managers do not take great care in planning for employees' vacations, overtime, and holidays, organizational performance can and will suffer as staffing problems emerge. An effective service enterprise needs the right number of the right kind of workers at the right time and right place to be effective.

CONSEQUENCE #6: *Ineffective-staffing practices can create significant problems with workplace performance that can have a negative impact on organizational performance.*

CAUSE #7: CONFLICTING PERFORMANCE GOALS

Conflicting goals are common in many organizations and it is most frequently front-line personnel who must learn to deal with goal conflict in a successful manner (Jehn and Mannix, 2001). Front-line management is frequently in a position where everyone's goals can become their goals, thus they are hit from all sides with a variety of demands concerning individual objectives. Although goal conflict is a common part of organizational life, identifying, discussing, and resolving these conflicts is not always as prevalent. Reducing goal conflict requires effective leadership, clear focus, and two-way communications to avoid the peril and confusion of sending "mixed signals," resulting from an unclear understanding of how to balance desired goals (Longenecker and Neubert, 2000).

CONSEQUENCE #7: *Conflicting goals create organizational confusion about what issues have priority, therefore hindering the success of service organizations.*

CAUSE #8: LACK OF WORKFORCE TRAINING AND DEVELOPMENT

Training and development are important because they can have a constructive effect on many of the other causes of organizational failure. When a service organization has a poorly trained workforce it will struggle to realize its potential. Training actually provides competitive advantage for a service firm and should be targeted to improve the firm's overall productivity and profitability (Sorenson, 2002). Organizations that invest in workforce training can

significantly improve their competitive advantage (Longenecker and Ariss, 2002). For example, training in technology, problem solving, communications, and/or planning can assist people in overcoming their weaknesses in these areas, and therefore, improve their performance. Investments in processes that strengthen people's technical skills and their ability to work together can positively affect organizational performance. According to previous research, workforce training and development must be systematic, ongoing, and tailored to both organizational and employee needs (Longenecker, 1997). The need for continuous learning and competence in service organizations means that the workplace becomes a critical arena for learning (Powell, 2002).

CONSEQUENCE #8: *An undeveloped, poorly trained workforce cannot produce superior results when their skill/ability is lacking.*

**CAUSE #9: LACK OF CLEAR DIRECTION/
FOCUS**

Front-line managers who are uncertain about where the organization is going can at best preserve the status quo. Without clear direction, front-line managers are left to their own devices to explain policies, systems, and procedures to workers. An organization often finds that it performs better when focusing only on activities that are essential to achieving its strategic goals (Ziegler and Slayton, 2002). A lack of clear direction hampers planning, goal setting, delegation and team building. Supervisors/managers who find themselves in this type of situation have the choice of becoming placeholders without initiative or making unwise decisions which lack direction and a sense of organizational purpose. Lack of direction reduces the supervisor's willingness to take risks, thus interfering with innovation, problem solving, and planning activities. An organization with clear focus performs better because it avoids wasting resources and focuses on the primary activities needed to accomplish goals (Ziegler and Slayton, 2002). **CONSEQUENCE #9:** Organizational action without clearly defined sense of direction and focus creates short-term ambiguity and a long-term loss of direction.

**CAUSE #10: AN INABILITY TO RAPIDLY
CHANGE/ADAPT**

A reluctance to change can produce organizations that are stagnant because of their failure to pursue new opportunities, implement new practices, and fix ongoing performance problems. With the level of technological and marketplace change that exists today in the service industry, failure to create an organization that embraces change means creating an organization destined for failure (Kotter, 1996). Because changes in service organizations are inevitable and continuous, managers need to confront the change, acknowledge that it is unavoidable, and accept it. Many organizations talk about change but fail to implement meaningful change at the workgroup and individual level in a timely fashion. Improvement plans, initiatives, and programs can come and go, but in many cases things never really get better (Abbasi and Hollman, 1993). Worse yet, many change efforts come in the form of memos, e-mails, and/or mandates that do little to gain acceptability and therefore, do little to help create real change. Kimberling (2000) states that for managers to overcome their resistance to change they need to be encouraged, supported, and rewarded by their superiors throughout the implementation phase of the changes. Without real change in systems, business, processes, and people's understanding, behavior, and attitudes, a change in performance is difficult to realize in most service enterprises. This competency must be developed and refined to enhance a service organization's ability to compete.

CONSEQUENCE #10: *An organization and its managers who do not take change seriously and/or are incapable of adapting to the changing needs of the service marketplace are destined to fail.*

**CAUSE #11: UNCLEAR RESPONSIBILITIES
/EXPECTATIONS**

As the pace of the environment quickens the need to adjust and clarify performance responsibilities and expectations increases. Without an ongoing "alignment" of responsibilities people might appear busy, but are not doing things important to the organization's success (Neubert and Longenecker, 2003). Marchetti and Brewer (1997) state that the number one reason that teams in organizations fail to achieve desired results is unclear goals/expectations and that without clear performance

expectations, managers and other employees will become frustrated with each other. Even when an organization has organizational goals they need to be clear and managers should be held accountable for achieving them or they become meaningless. Without this clarity of purpose and clearly defined performance expectations at the organizational, group, and individual level, achieving higher levels of performance becomes more difficult.

CONSEQUENCE #11: *Employees and management personnel operating without clear performance guidelines for meaningful action, will negatively impact the organization's success.*

CAUSE #12: AN UNMOTIVATED WORKFORCE

An unmotivated workforce represents a serious challenge for supervisors/managers (Gubman, 2004). Trying to meet and/or exceed performance goals with an unmotivated workforce is frustrating at best and disastrous at worst. Managers must be given the training, tools, and support necessary to motivate workers in a current job market where highly skilled and motivated workers are at a premium. Organizations that treat their workforce as a commodity and fail to create a climate for achievement will struggle to achieve success. Creating a motivated workforce demands effective leadership, solid systems, and progressive human resource policies that are often missing in struggling service organizations. Even when times are bad, employees are more motivated by managers that have a positive approach (Thach and McPherson, 1999; Longenecker and Ariss, 2004). Especially in times of crisis and radical change it is critical to have a leader who inspires hope by presenting a compelling picture of the future rather than one who hammers employees with how bad things are (MacDonald, 2002). Employees are energized and empowered by positive leaders who create a motivated workforce, which leads to the achievement of organizational goals. By encouraging employees to focus on the future and having incentives for achieving goals managers can motivate their employees and help create ownership that is necessary for long-term performance improvement.

CONSEQUENCE #12: *An unmotivated workforce produces inferior results and can stifle nearly any attempt at organizational improvement.*

CAUSE #13: LACK OF ACCURATE PERFORMANCE MEASUREMENT DATA

It is important for managers to be able to accurately assess how well they are doing in achieving their goals. A "balanced scorecard" is a set of measures designed to provide managers with a quick yet comprehensive view of their unit's performance (Kaplan and Norton, 2001; Norrie and Walke, 2004). It requires managers to translate a broad business strategy into accurate performance metrics and to create performance measurement data system for managers (at all levels). These systems allow managers to see what they are doing right and what needs to be changed. If performance data is inaccurate or unavailable the front-line managers will be in the dark on actual performance. This prevents adjustment, re-alignment, corrective action and frequently leads to conflicts with upper management. Managers need a method and system to quickly and precisely measure the organization's ongoing performance. Without accurate, timely, and user-friendly performance data, effective decision-making and leadership become increasingly difficult to implement.

CONSEQUENCE #13: *Organizational members operating without knowledge and data of how well they are actually performing will not be able to proactively take the appropriate actions to address the issues keeping them from achieving goals.*

CAUSE #14: INEFFECTIVE PERFORMANCE FEEDBACK SYSTEMS

An organization is destined to struggle when employees receive little or no feedback or when the feedback is only triggered by problems. Receiving only negative feedback creates serious organizational problems (Longenecker and Simonetti, 2001). People begin to believe that the only time they are noticed is when there is a problem. Failure to reward good work sets supervisors/managers up for failure and reduces employee commitment to the organization. Performance feedback should be ongoing, specific, and used to reinforce effective operating performance and trigger corrective action procedures when performance is less than desired. People (at all levels) need performance feedback because the overwhelming majority of people want to know where they stand and what they need to do to get better. Without this feedback, performance

improvement and professional development are not maximized in service enterprises (Longenecker, Dwyer, and Stansfield, 1998).

CONSEQUENCE #14: *Without effective performance feedback (at all levels), people operate in the dark about how to improve performance and lose opportunities to celebrate success.*

CAUSE #15: INEFFECTIVE MANAGEMENT DEVELOPMENT

When supervisors/managers are not educated and encouraged to use effective management tools and techniques, they often feel abandoned and will do things based on tradition or take their best guess at what constitutes effective behavior. When management development is not a priority, managers frequently feel that the leaders of the organization do not value their contribution, because of the organization's unwillingness to invest time, effort, and money in them (Collins, 2001). Organizations fail when they have no plan or desire to enhance the skills of management personnel. A host of management development tools exist that can be used to pump up management skill and performance but are frequently ignored in failing organizations. Succession planning, performance appraisals, mentoring, cross training, seminars, special assignments, and executive programs are just a few of the practices that can accelerate management development and performance. Previous research has shown that training managers in the basics of the job actually increases their employees' creativity and productivity (Williams, 2001). Managerial development should be an ongoing process and managers at all levels should be encouraged to practice continuous improvement on a personal level.

CONSEQUENCE 15: *Failing to develop managers can lead to complacency and create managers who are unprepared to lead others forward in a rapidly changing workplace.*

It is clear from the findings of this study that the factors discussed above can and do have a significant impact on a service organization's ability to compete and that they need proper attention or performance can and will suffer.

A PERFORMANCE MODEL FOR SERVICE ORGANIZATIONS

"There is much to be learned from studying the causes of failure in which I have much experience (in referring to his numerous bankruptcies)."

Henry Ford

While the limitations of this research include a focus on the transportation and distribution industries and a targeted sample (from these industries), the findings from this descriptive study provide a number of critical lessons that can be applied to service organizations wishing to improve their performance and to get better results. And in the words of Henry Ford, "there is much to be learned from studying the causes of failure..." Recent research on high performance organizations and managers provides us with a performance model that can be used to discuss these findings. In a study of over 2,000 high performance managers, representing over 300 high performance organization, five (5) primary "drivers" were identified that impact organizational performance and improvement (Longenecker and Simonetti, 2001). These drivers represent a performance model that can be directly applied to service organizations that include:

- Clear Focus
- Performance Preparation
- Performance Climate
- Human Resource Capability
- Organizational Renewal/Development

These five drivers were directly linked to high levels of performance when properly implemented by the organization. This performance model provides us with a useful context to interpret the top fifteen (15) causes of service performance failure that emerged in this study. This interpretation will allow us to draw important lessons that will be of benefit to those with a vested interest in service organization performance.

LESSON #1: PROVIDE CLEAR FOCUS

A mandate of effective leadership is the ability to translate vision into a clear direction and clear direction into meaningful goals and goals into specific action. According to this research, several factors that weighed heavily in organizational failure that dealt with a lack of clear focus. Managers identified conflicting performance goals ($\bar{X}=4.17$), lack of clear direction ($\bar{X}=4.10$), and unclear performance responsibilities/expectations ($\bar{X}=4.01$) among the top fifteen factors affecting performance. Focus results from clear direction, unambiguous goals, and clearly defined duties and responsibilities at all levels

of an enterprise. All three of these factors help focus management/employee action in a meaningful fashion that not only improves performance but all morale. When a service organization is serious about improvement, leaders at all levels must help create and maintain clear focus that is frequently missing in rapidly changing and complex service enterprises.

LESSON #2 PREPARE FOR HIGH PERFORMANCE

High performance organizations typically take great care in preparing their operations to compete. Service managers in this study identified poor communication practices ($\bar{X} = 4.86$) ineffective planning ($\bar{X}=4.51$), ineffective staffing ($\bar{X}=4.23$) and lack of effective workforce training ($\bar{X}= 4.15$) as top factors causing ineffective performance. If an organization is serious about achieving better results than it is imperative that they improve communication at all levels and in all directions and better equip their operations with the plans, personnel and skill levels necessary for better performance. To not do so, is to ask for the same or worse performance at a time when service organizations must improve performance because of increase competition and shrinking profit margins.

LESSON #3: CREATE A HIGH PERFORMANCE CLIMATE

Organizations that are effective and results oriented place a high premium on creating "climate/cultures" that are performance oriented. In our performance model, performance oriented cultures monitor and measure performance constantly, address performance problems/barriers quickly, provide ongoing to performance feedback to managers and employees and they take great care to properly motivate their workforces. Front-line managers in this study stated that service organization performance was damaged by failing to remove performance barriers ($\bar{X} = 4.44$), unmotivated and unproductive workers ($\bar{X} = 3.90$), a lack accurate performance measurement data ($\bar{X}=3.81$) and the lack of ongoing performance feedback and coaching ($\bar{X}= 3.62$) When a service organization systematically addresses these four factors the climate for performance will improve and so will results.

LESSON #4: CREATE HUMAN RESOURCE CAPABILITY

High performance organizations are frequently

known by the fact that they have effective leadership at all levels and high levels of cooperation and teamwork among people that facilitate the achievement of organizational goals. These "intangibles" are human resource driven capabilities that are critical in service organizations that are people dependent for achieving their goals. Managers in this study support this contention in identifying ineffective leadership ($\bar{X} = 4.32$) and lack of teamwork/cooperation ($\bar{X} = 4.27$) as two primary roadblocks that damage service performance and drive failure. Very few good things happen in service organizations without effective leadership and people working together in the pursuit of common goals and the front-line managers in this study support this contention.

LESSON #5: PRACTICE ORGANIZATION RENEWAL

According to our performance model organization, renewal includes improving upon the current status of an organization's processes and people that are needed to get work done. An inability to change and rapidly adapt ($\bar{X}= 4.04$) and ineffective management development practices ($\bar{X}=3.59$) were both viewed as key factors that damages an organizations' ability to achieve desired results. In the 21st century organizations must effectively change and adapt processes, procedures, practices and the like on an ongoing basis if they are to survive and thrive. To do so requires effective leadership and managers (once again at all levels) which requires ongoing management development to insure that management personnel have the skills and competencies necessary to compete. In this sense, service organizations must constantly renew themselves and their leaders by dealing with change at both an organizational and personal level.

CONCLUSION: A CALL FOR ACTION

As the economies of many developed industrialized countries continue to transform into service based economies, it is becoming increasingly important to focus on how to effectively manage service organizations in order to achieve desired results. A sound approach to managing service organizations is becoming more critical as service competition intensifies. With increased competition, growing customer demands, and a dynamic environment, the likelihood of failing to achieve

organizational goals increases significantly. This study has identified perceptions of front-line managers about why service organizations fail to achieve desired results. These managers, who operate in lower levels of service organizations, have a unique perspective that upper-level managers need to understand and trust.

The results of this study contain both good news and bad news. The good news is that the respondents feel that business leaders can significantly improve the functioning of their organization by solving recognizable problems that focus on management fundamentals. The five (5) lessons provide a starting point for removing the causes of performance gaps. Further more, these solutions require little in the way of capital expenditures and out of pocket expenses. The bad news is that these problems are often complex and driven by deeply rooted ineffective management practices and operating cultures that are difficult to change. Yet, mastering the management fundamentals identified in this study will improve the performance of any service organization if it is willing to make real changes. In the future these changes will be required for survival so the best time to start is now!

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