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BY THOMAS A. STEWART AND PATRICIA O'CONNELL

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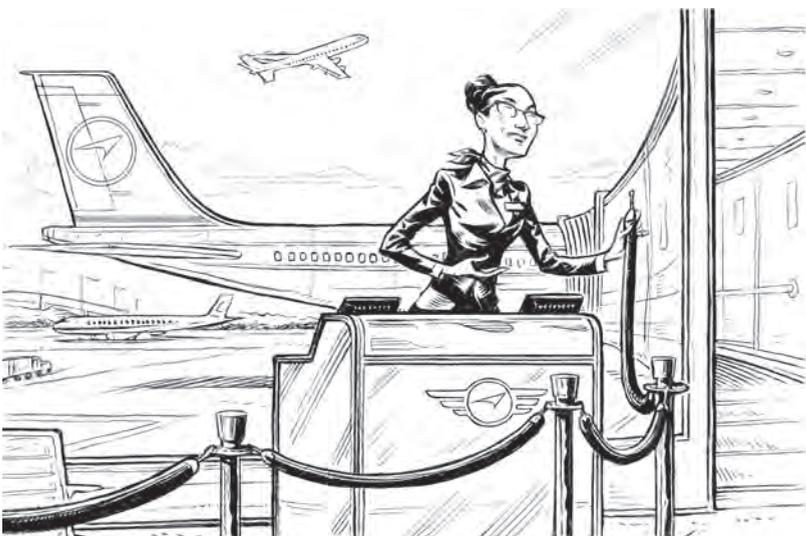
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Airlines routinely rank near the bottom of customer satisfaction surveys. But we would wager that most customers, like us, find that the time on the plane — the "sit back, relax, and enjoy the flight" part — is the least awful piece of their experience. The nightmare is everything else: prices that change from minute to minute and bear no perceivable relationship to actual cost or value, fees for checking bags and just about any amenity, and frequent delays caused by weather or "the late arrival of the incoming aircraft." Airports themselves have their own set of annoyances: check-in kiosks that are out of order

or can't read your credit card, the queues and indignities of security, inadequate staffing, seemingly random gate-change announcements, and the scrum at the gate.

Welcome to Surf Air, which sells flights by subscription. For a monthly fee (currently US$1,950, plus a one-time membership charge of $1,000), subscribers can take an unlimited number of flights anywhere in Surf Air's 12-city system in California and Nevada. That is a bargain for many customers: an L.A. lawyer who needs to be in Sacramento several times a month, a tech mogul who weekends in Lake Tahoe, consultants with clients scattered around California, or a restaurateur with properties in different cities. On a full-service carrier, a

last-minute round-trip between San Francisco and Los Angeles can cost $450. However, the real value of Surf Air is not the price of a flight, but the experience of the carrier's ingenious service design.

Service Design Is a Bridge

Service design is a strategic discipline that originated in Europe and is spreading rapidly worldwide. At its core lies the belief that services can and should be designed with as much care as products, so your customers get the experience you want them to have every time.

At its heart, service design is the bridge between strategy and customer experience. It is grounded in your company's identity, capabilities, and chosen competitive path. It is activated when you rethink, reimagine, and re-create every stage and aspect of interaction between customers and your company, regardless of what is being sold and whether a transaction actually occurs. It succeeds when you delight the customers you have chosen to serve and advance your strategic goals at the same time.

Three key ideas are embedded in the service design philosophy:

• Service design starts with what you, the seller, want; it is about delivering on your promise to customers in accordance with your strategy, not acceding to everything a customer asks.

• Service design is proactive, not reactive; it involves choices, actions, and consequences.

• Service design creates consistency, and consistency is no accident.

Consider how Surf Air designs its service. Each step is meant to reduce hassle, avoid pain points, and please customers. Because its customers are members, there is no

payment to process, so booking a flight takes just a few minutes. The company flies only Pilatus PC-12 NG aircraft — a nine-passenger plane that has the feel of a private jet. The choice of these planes eliminates security screening, because the U.S. Transportation Security Administration (TSA) exempts aircraft carrying fewer than 10 passengers. The airline works out of underutilized regional airports to eliminate the crowds and chaos of big airports like LAX and SFO.

Surf Air operates up to 90 scheduled flights a day. Passengers need to show up only 15 minutes before flight time. Free snacks and beverages await them in the preflight area. There are no boarding passes, because passengers' names are on a list, and no boarding groups, because there are only nine

algorithms to set fares, has no tickets to process, and connects to no travel agents. The resulting economics are so attractive that Surf Air can make a profit on a flight that is just 60 percent full. That compares to an estimated 75 percent average for big network carriers. Surf Air can — and will — fly scheduled flights with just one passenger.

But it's not the luxury, the convenience, or even the relative economy of Surf Air that members like most. "People constantly point out that flying commercially between L.A. and San Francisco, a 90-minute flight, actually takes 3 to 4 hours," says Potter. "Our surveys show the number one thing people value is time. We like to think we're not saving them time — we're giving it back to them." Indeed, Surf Air fliers frequently comment on

are unable to deliver great customer experiences because their services are part of a patchwork of many different pieces and processes rather than a coherently designed system.

Great service is not a consequence of good intentions, attentive management, or a supportive culture. Service needs to be laid into the company's keel, the way performance is built into a BMW or intuitiveness is designed into an iPad. If service isn't built in, no amount of goodwill can deliver it reliably, and no effort can compensate for the lack of it. In fact, cause and effect are reversed: A company designed for service will naturally display the behaviors — the intention, attention, and culture — good customer experience requires.

Design a Journey

Experiences matter. Experiences are journeys. Journeys are designed. These statements are fundamental to understanding service design and its delivery. Experiences happen over time and, often, over space. They are journeys, whether physical (like a flight from Dallas to Detroit) or temporal (like a 10-year relationship with an insurance company) or intellectual (like a consulting engagement). For customers, journeys involve need, planning, anticipation, embarkation, the event itself, disembarkation, and memory. Companies must analyze and design every stage of that journey, especially every customer touch point, because each is an opportunity to engage — or alienate — a customer.

Most companies are not designed to think this way. Service-industry operating models — their org charts, processes, incentives — were adapted from manufacturing, where metrics are based on

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seats. Luggage is picked up planeside and delivered as passengers walk off — sometimes by the pilot or copilot, sometimes by the minimal ground staff Surf Air has at its airports. "When our members first come in, they are very confused," says CEO Jeff Potter. "They're used to loudspeakers and bright lights and being corralled."

The radically simplified customer journey eliminates backstage labor, too. Surf Air needs no baggage-handling system and employs no flight attendants. Its IT system is much simpler, too — it requires no

what a gift those few hours are, allowing them to coach their children's teams, to be more involved in the life and care of an elderly family member in another city, giving them peace of mind about a project that needs a little more oversight than is the norm.

Nothing about Surf Air's extraordinary experience depends on its employees being superior human beings. Like the people with whom you have interacted at check-in counters, TSA lines, and gates, they are good people and try their best. But ordinary airline and airport employees

the quantity and quality of finished goods rather than the value of interactions with customers. These models are designed from production out, not from customer back. This is especially disconcerting when we consider that the service industry is responsible for more than three-quarters of U.S. private-sector gross domestic product (GDP) and about 68 percent of GDP worldwide.

The industrial legacy is ill suited for services in large part because the customer is an active participant in most service transactions, as Frances Frei and Anne Morriss point out in their book *Uncommon Service: How to Win by Putting Customers at the Core of Your Business* (Harvard Business Review Press, 2012). An automobile assembly plant is a massive and intricate place, but the customer is far from the factory floor. In a hospital, during a professional-services

blood is drawn as soon as the patient gets to an exam room and before the doctor arrives, with the aim of returning results before the end of the visit. Doctor and patient can discuss the tests immediately.

The result: A better-informed and more complete doctor–patient visit; an increased likelihood that a patient will follow instructions; and less time wasted in missed phone calls to discuss test results after the appointment. Because ThedaCare owns its labs, it was able to make these service-design choices without increasing patients' wait times. According to ThedaCare, the net effect of the redesign has been to shorten the duration of a visit.

It is difficult to think of a transaction between a buyer and a seller that cannot be made more valuable to both parties by improving its design — both within and outside the service sector. Service design can be

resembles great industrial design, which seeks excellence and efficiency in the same way. Service design sees customer satisfaction and cost management as complementary, not contradictory. When you, as a seller, do not have a good design, you are more likely to base decisions on cost rather than value, because it is harder to tell the difference between spending and investing money.

Five Principles of Service Design
Every company's strategy is unique, or should be, so its service design should be one-of-a-kind, too. For example, Starbucks, whose value proposition is to emulate a European café — a place to sit, sip, and stay — should not copy Dunkin' Donuts, which wants to get you on your way because, after all, "America runs on Dunkin'." Yet all good service design should follow five basic principles, which will help you shape service-design initiatives, evaluate proposals and programs, and, above all, bring coherence to your service strategy.

1. The customer is always right — provided the customer is right for you. You have to decide which customers you want, and which you don't. A customer who demands a level of service, a type of product, or a price that you aren't willing to deliver is the wrong customer for you. Deciding which customers you are willing to engage with and what you are willing to do for them is a powerful exercise in defining your brand.

2. Don't surprise and delight customers — just delight them. You delight your customers by meeting their needs within the expectations they have for whatever you are offering, whether those expectations are high or low. A well-designed service is predictably excellent. If custom-

Great service design resembles great industrial design, which seeks excellence and efficiency in the same way.

engagement, or in a restaurant, by contrast, the customer is right there, letting you know what he or she expects. Consequently, practices and lessons from product design and manufacturing cannot simply be portaged over to service enterprises.

The ThedaCare hospital system in Wisconsin runs primary-care clinics that handle about 450,000 patient visits each year. Many of those patients need a blood test or other lab work. ThedaCare redesigned the patient's journey step by step so that

vital to manufacturers, government agencies, and others whose business is not in services per se. Toyota, for example, developed an entirely new dealer network for its premium Lexus marque, precisely because it wanted to design and deliver a level of service that complemented the promise of the brand.

Well-designed service succeeds on two dimensions simultaneously: technical excellence and customer experience. In this disciplined focus on essentials, great service design

ers don't know what to expect from you, why will they seek you out? If their expectations aren't met, why will they stay or return?

3. Great service should not require heroic efforts by you — or the customer. Service design and delivery should be efficient, effective, scalable, and, if not error-proof, error-resistant. Employees should not need to be superheroes, bend the

ue chain as your own touch points, platforms, and channels. Overcoming or compensating for flaws in your partners' service design can be your single biggest challenge.

5. You're never done: Anticipate, create, innovate, iterate — and repeat. Many services companies have no formal innovation process, and the methods, structures, and protocols for product innovation often

and short" worked — until it didn't. Ryanair issued a profit warning in September 2013; it then saw its net income for fiscal year 2014 fall to €522.8 million (about $585 million), from €569.3 million in fiscal 2013, while other low-cost competitors were thriving. Seeing the writing in the sky, in late 2013 O'Leary decided that the company had to "stop unnecessarily pissing people off."

The person charged with that task is Kenny Jacobs, who joined the company as CMO in January 2014 after 13 years in food retailing. Jacobs thought, "It is either going to be the worst or the best job that I've ever had in the customer marketing space," he told us in an interview.

Employees should not need to be superheroes, bend the rules, or take shortcuts.

rules, or take shortcuts to give customers the experience you promise. Saving the customer time and money is just as important as saving yourself money. It is easy for a customer to interact with and do business with a well-designed company at every stage.

4. Service design and delivery must be coherent across all platforms. Wherever you choose to play, you have to play well. If you provide a fabulous customer experience in the store but your website frustrates customers, you will likely lose them. The task of managing services has become immeasurably harder as Web and mobile devices have multiplied the number of channels, touch points, and opportunities for interaction between companies and customers. This means more complexity, less control, more ways to make errors, and increased competition. It also means more ways for customers to find you and opportunities to woo, wow, and win them.

One corollary is that partners that provide complementary services are as much a part of the service val-

fail in services. But because the life cycle of a service needs to be managed as carefully as the life cycle of a product, companies must work to instill and support an innovative culture. Be aware that services innovation can happen anywhere in the value chain — co-creation and innovation with actual customers in the wild are just as valuable as research in the lab, or more so.

Winning Customers' Minds
Ryanair, the Dublin-based budget airline that recently transformed itself with service design, has taken these principles to heart. Previously, even in an industry famous for being deaf to customer needs, Ryanair stood out. In 2007, the *Economist* described the airline as "a byword for appalling customer service," citing its "jeering rudeness towards anyone or anything that gets in its way." CEO Michael O'Leary even mused publicly about charging passengers for using lavatories.

The carrier's Hobbesian strategy of operating flights that were not only cheap, but "nasty, brutish,

Ryanair had to stay true to its rock-bottom-price value proposition while improving customer experience. The airline focused on three key aspects of the journey: the digital experience, with a more user-friendly, intuitive website; the airport experience, with more streamlined, efficient operations; and the in-flight experience, by allowing people to bring on luggage and offering assigned seats (for a fee). Each addressed a major pain point in one of the three principal phases of a trip by air; none was untrue to the airline's low-price promise; and the cost to the airline was minimal. Indeed, each element can save the company effort and money.

By the end of fiscal 2015, Ryanair was carrying 19 more passengers per flight than it had two years earlier. The initiative has more than paid for itself. The airline is chasing not customers' hearts, but their minds. "We don't want customers to say, 'We love Ryanair,'" says Jacobs. "We want people to say, 'This is a commoditized, functional experience getting from Dublin to

London, from London to Madrid.'"

That is the very opposite of Surf Air's promise, which is a private-jet experience at a relatively reasonable price. We have bookended these two stories with a purpose — to demonstrate that service design is an instrument of strategy, a way to connect the boardroom to the day-to-day experiences of customers. The identity you seek to project is, indeed, the face your customers see.

The mind-set and principles of service design are a critical way to improve how services are managed. The result of their industrial legacy is that services, the biggest employer and creator of wealth, are too much managed by guess and by gosh. Company after company is underwhelming its customers and leaving money on the table. It's time to stop that and take action. +

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