

# ACHIEVING FLEXIBILITY IN SERVICE OPERATIONS USING THE RIGID FLEXIBILITY FRAMEWORK: AN EXPLORATORY STUDY

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## ABSTRACT

This article explores the potentiality of applying the rigid flexibility model to a service setting. The rigid flexibility model was originally developed to explain factors that determine flexibility in a manufacturing environment. Collins and Schmenner (1993) introduced the model and recently, da Silveira (2005) reexamined it and provided some empirical validations. This study presents a Malaysian case to describe the model. In theory refinement, the richness and in-depth descriptions of constructs under consideration are highly sought. Therefore, a case study method is employed in this study to provide detail descriptions. The operations of AirAsia, the market leader of low cost carriers (LCCs) in Asia, is suitably selected because the company has shown a good record of adaptation (flexibility) in its operations. Through our conversations with four managerial and executive staffs, we propose that there are four important practices and procedures that match the concepts of simplicity and five practices/procedures that associated with the concept of discipline. We describe each practice and propose that the concepts are well suited to the operations of a service firms.

**Keywords:** Operations management, Service Flexibility, Case Study, Airline Industry.

## 1. INTRODUCTION

Operations flexibility in business organizations has been discussed for quite some time but remains the most interesting one. This is due to the ever-changing nature of a global business operation that requires firms to adjust accordingly. Furthermore, flexibility is seen as more of a potentiality rather than the outcomes. Related studies in service operations flexibility have been conducted quite recently (Idris et al, 2010; Main et al. 2011a; Main et al. 2011b; Main et al. 2011c). Experts agree that flexibility could be used to enhance business performance (Swamidass and Newell 1987; Fiegenbaum and Karnani. 1991; Narasimhan and Das, 1999).

To make the matter more persuasive, the interest to intensify research on operation management in service is accelerated by the dominant factor the service industries plays in modern economy. Shares of the service sector in GDP for selected Asian countries range from 21.4% to 63.9% in 1980, and increased from 33.7% to 86.5% in 2002 (Lovelock et al., 2005). For example,

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shares of the service sector in Malaysia's economy increased from 44.2% in 1990 to 46.4% in 2002. Hong Kong's service sector is the most rapidly growing and accounts for half of their GNP; 63.9% in 1980 to 86.5% in 2002. This factor, coupled with the uncertainties in demand, requires organizations to adapt wisely to those changes. Operations flexibility is a competitive priority that can prepare organizations when faced with uncertainties.

One possible model to help a service organization to achieve flexibility in operations is the rigid flexibility model proposed by Collins and Schmenner (1993). Their study focuses on manufacturing strategies and their responsiveness to the market's requirements, made possible via simplified processes and discipline in procedures. Recently, Slack (2005) highlighted the emerging importance of IT and other organizational sources; the so-called '*infrastructural*' flexibility. Slack (2005) also observed that the flexibility concepts "have resonance" in both manufacturing and service. In fact many service flexibility studies that only come at the later stage after manufacturing studies borrowed the principles from manufacturing research. For example, Aranda's (2003) study on the mediating effects of operations flexibility on service performances, adapted flexibility dimension taken from manufacturing studies. In addition, the author also personally contacted and engaged with the original main author of the rigid flexibility model, who agreed that the principles could well be applied to service organization, albeit requires adaptation and some observations.

This exploratory study, using a case study approach will focus on a single service organization in Malaysia i.e. AirAsia. The research aims; to find and highlight the process, procedures, and practices at AirAsia that deem to fit the characteristics of simplicity and discipline in the original model. In a nutshell, this study intends to demonstrate that simplicity and discipline are a universal concept that can be applied to service organizations.

## 2. LITERATURE REVIEW

This section will discuss operations flexibility in different contexts. It begins with discussion of operation flexibility in the manufacturing context with more emphasis given to the model of interest; the rigid flexibility model. It will continue discussing the concepts in service context.

### 2.1. Flexibility in Manufacturing Context

Due to the unexpected changes that affect input and processes, firms are required to call for some degree in flexibility to respond to occurring changes. Volberda, (1999) relates an organizations' flexibility towards the changes in the environment to the outcome of interaction between organization responsiveness and their capabilities to handle the situation. In dealing with flexibility, managers have two main dimensions: speed and variety (Verdu-Jover et al. 2004). Speed refers to the ability to activate response in time and variety refers to the amount of capabilities firms have to respond to the demands of the environment.

Gerwin's (1987) definition of flexibility is more focused on connecting manufacturing flexibility to specific levels of manufacturing processes. For instance, individual performance, machine performance, manufacturing systems, warehousing management, production line, and others. The author associates the flexibility dimension with seven sets of uncertainties including mix, changeover, modification, rerouting, volume, material and sequencing. Later in 1989, Gerwin associated flexibility with computer aided manufacturing (CAM) and found that CAM technology does not enhance flexibility if it is not supported by well-trained and multi-skilled employees. In another development, Slack (1987) interviewed ten manufacturing firms and concluded that flexibility is the managers' perceptions and understanding of the concept of flexibility based on their responsibility, type of manufacturing and resources availability. The author then grouped flexibility into four main types: product, mix, volume and delivery.

Upton (1994) saw flexibility in the context of internal and external dimensions. Internal refers to firms' strategies and their ability and capability to respond to the external demand. External flexibility refers to firms' ability and capability to meet customers' demand on service delivery systems, customization of product, and dealing with cyclical demand. Later in 1995, he argued that capital and information systems alone are insufficient to achieve flexibility but must be added up with additional important dimensions like workforce and the management itself as important integration of flexibility. According to Correa and Ganesi (1994), firms that sought manufacturing flexibility and found it faced environmental uncertainty and variability of output. Swamidass and Newell (1987) urged that firms find a way to cope with high uncertainties in the changes in the environment by manufacturing flexibility –as supported by many studies. Gerwin (1987), Gupta and Goyal (1989), and Slack (1987) propose for several kinds of corresponding flexibilities to cope with several kinds of uncertainties. Correa and Ganesi (1994) again found that uncertainty together with variability form a rationale for the operations' interest in flexibility.

The relationship between operations flexibility and other operations construct has also been addressed. For example, Wilson and Platts (2010) address the question of how mix flexibility is achieved during day-to-day operations who found that at an operational level, mix flexibility is achieved through shared resources, floor dependency, and simultaneity constraints. In another study, Hallgren and Olhager, (2009) investigate the relationship between volume and product mix flexibility. They find that based on high or low levels of volume and mix flexibility combinations, flexibility configurations have demonstrated significant differences both in terms of operational performance, and in the emphasis that was put into different flexibility-sourced factors. Hutchison and Das (2007) use a case study approach to examine and analyze the decision process that a firm undergoes for acquiring an advanced manufacturing system to obtain manufacturing flexibility for its operations. Meanwhile, Cousens et al. (2009) come out with a new conceptual framework to improve manufacturing flexibility through developing and testing a procedure, to enable organizations to establish a competitive capability and progress towards manufacturing flexibility.

Referring to the rigid flexibility model in particular, the earlier version of the model is attributed to the empirical study that uses the database from "Made in Europe" (Hanson et al. 1994) and "Made in Switzerland" (Collins et al. 1990, which focuses on the benchmarking study of

manufacturing practices and performance of 800 plants in five European countries (Collins et al., 1998). Collins and Schmenner (1993) defines flexibility as the realization of explicit statement of customers and end-users' requirement that has to be met; for instance, shorter delivery time and product customization. Among all, the objective of their study is to determine the degree of differences in adopting a rigid flexibility model between the countries studied. The study helps future researches in forming a deeper understanding about the rigid flexibility model. Collins et al. (1998) found that the variables used in inventory management—warehousing, product cycle times, and total cycle times in manufacturing are strongly supported by simplicity dimensions. The authors also determined that product cycle time depends on the idea of lean attitude, management systems, and process capability. Finally, they also found that strategic and quality management have a great influence in achieving flexibility where the findings supported that new product developments are strongly dependent on simplicity and discipline. The research also proves that higher simplicity and higher discipline lead to higher degrees of flexibility in manufacturing operations.

In the manufacturing perspectives, simplicity is about the firms' initiative to streamline information and simplify material flow processes. Simplicity puts together all the processes involved, for instance, the product concept and design, manufacturing processes, and lastly the distribution processes to reach customers or end-users. In contrast, discipline is about the implementations of steady and dedicated procedures in regards to the processes. This would result from improvements or changes made in several areas such as planning, technology used, labor development, scheduling, changes in product design, and controlling processes due to changes in environment. Examples of discipline are the standardization of procedures, the allocation of adequate employee training, the periodical machine maintenance, the implementation of inventory management, and the warehousing.

Subsequently, the study was replicated by da Silveira (2005), with some modifications of using a broader international database, including the technology and organization programs dimension and moderating the role of dedicated line layout in the relationship between simplicity, discipline, and flexibility. The study found that companies frequently implement simplicity and discipline programs concurrently in achieving flexibility. This proves that simplicity programs appear to have a positive relationship with flexibility and it is significant in three out of four flexibility dimensions used. The same result is true for discipline where it is found that discipline programs are positively related to the flexibility dimension.

## **2.2. Flexibility in Service Operations**

While it is generally agreed upon that the changing environment has impacted the manufacturing industry, the service industries suffer the same challenges in more difficult surroundings. In situations where the presence of both customer and service personnel is required, Harvey et al. (1997) argues that it is the intangibility of the service that enable firms to respond to environmental changes accordingly. This corresponds to Johnston's (1994) definition of flexibility in service context as "a willingness of the service personal to alter the nature of service to meet customer requirement". Therefore, as a result of high variability and uncertainties in environment due to changing market needs, service providers are required to

have better understanding of customer demand. Considering the changes in business environment, service organizations have no option but to consider being flexible in operations to maintain their competitive advantages. Therefore, the changing nature of the environment requires flexibility as one of the primary competitive components to be applied and considered seriously.

Several studies on service flexibility have been done, although at a slower ratio than those done for the manufacturing industries. Aranda (2003) has adapted a manufacturing flexibility study and renamed the flexibility dimensions as expansion; distribution of information; routing; equipments and personnel; market; services and servuction, process, programming and volume flexibility.

Silvestro et al. (1992) for instance, in proposing three dimensions of service flexibility –volume, delivery/speed flexibility and specification flexibility– adopted the manufacturing flexibility concept for the service environment. In their study of service operation and analyzing flexibility, Correa and Gianesi (1994) also associated manufacturing flexibility in the broader term of flexibility as *'being able to respond effectively to unplanned change'*. They associated uncertainty and variability with unplanned change attributed, which require firms to understand the concept of unplanned change. Managing unplanned change can be divided under two dimensions. One is labeled as flexibility in dealing with change after the unplanned change has occurred. The second dimension is the ability to deal with a certain amount of change and reducing the effect of change. This can be done by finding ways to control the changes by implementing strategies like forecasting technique, maintenance system, parts standardization, and manufacturing focus. These strategies are to prevent and avoid the change before it occurs. The authors further summarized the framework for understanding and analyzing the unplanned change, control, and flexibility as below:

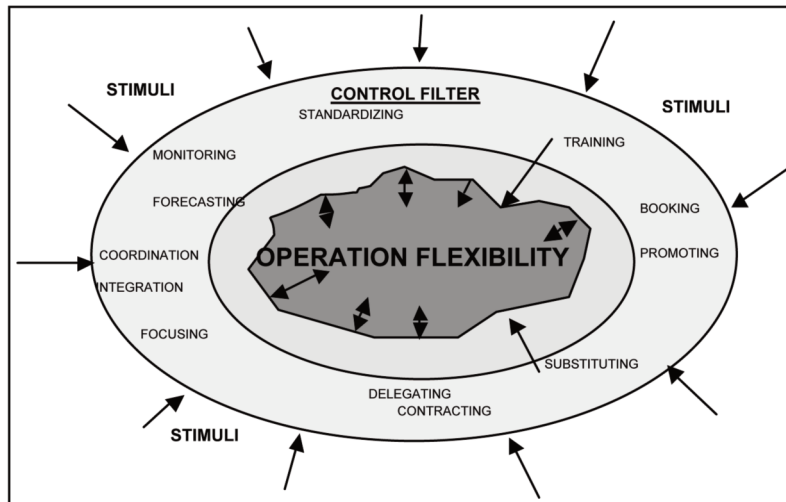
- a) The use of stimuli in the operation system in terms of size, frequency, novelty, certainty, and rate. Different stimuli may require different managerial action. Flexibility is expected to be used in dealing with the changing circumstances.
- b) Controlling the stimuli and being flexible. Controlling is the ability of interfering effectively with the cause of change so as to alter one or some of the dimensions. Flexibility helps in responding effectively to unplanned changes.

The unplanned change control actually acts as a filter to reduce the amount of change that affects the whole system. The changes which pass through the control filter have to be dealt with by the system, through the system flexibility. Correa and Gianesi (1994) associated this framework with service operation flexibility as illustrated in Figure 1.

Once the unplanned change passes through the filter, the authors proposed seven types of service operations flexibility to deal with it. Design flexibility is associated with the ability to come with new services whereas package flexibility deals with offering a variety of services within a period of time. The third type, delivery time flexibility is related to the ability to meet the new delivery time while delivery location flexibility is the ability to offer the services in

different locations. Next in the line, volume flexibility is the ability to cater higher service output. When unplanned changes take place, system robustness flexibility is the ability to continue operating despite those changes. Finally, customer recovery flexibility is about having the ability to recover customers if the delivery system faces problems.

**Figure 1:** Stimuli Control Filter and Flexibility in Service Organizations



**Source:** Correa and Giansesi (1994)

Adler (1985) agreed that flexibility in service organizations is a useful tool to improve firms' competitive position as related to the use of technologies in implementation and the decision-making process. Upton (1994) supported the idea and added that firms should create an infrastructure to allow for system flexibility. As a result of technological improvement and changes in customer preferences, service operations have become flexible and this requires adjustment in the delivery process. Upton also pointed out that customers expect and prefer to get services at their convenient time and location. For example, cellular phone companies offer services for broader coverage area and different time zones in wide geographical countries.

In this development, service organizations have to understand customers' activity patterns and design accurate service delivery processes that meet with customers' changing patterns. Changes in information technology have resulted in a significant change in service delivery processes that help service personnel's to perform a better job while interacting with customers. Davis and Heineke (2005) concluded that reduction in customers' waiting time at counter services by improving better services management of process design can certainly reduce customers' dissatisfaction and defection.

Technologies have proven to be able to offer more opportunities in improving services processes. Collier (1994) in a study on electronic devices for check-in and check-out systems

in the hotel industry, automatic toll booth in transportation, electronic fund transfer in banking services, the practices of “e-ticketing” in the airline business have given huge impact to the ticket purchasing system, airport checking process, and service industries as well. Therefore, in responding effectively to customers’ demand variations, improving services process design by using technology is another approach to increase flexibility of the service system.

### 3. METHODOLOGY

We use a case study method as we view that the rigid flexibility model, its elements and its application to the service sector have not been studied as yet. In addition, the model’s relation to the broader framework of operations strategy has also not been investigated in the literature. In this section, we hope to investigate the real practical examples of ‘flexible’ organizations and relate their policies, programs, procedures and practices in executing operations strategy to become flexible and relate them to the elements of the model itself and to a broader service flexibility framework.

Eisenhardt (1989) describes different stages to develop theories from case study. As the focus is on the dynamics occur in a single setting, the study of a single case is appropriate, such as the ones done by Pettigrew (1973) who studied a single British retailer. The method also allows for a comparison at different level of analysis. Beside theory generation, case study is also suitable to achieve other aims of research such as; to provide descriptions or even to the level of theory testing (Eisenhardt, 1989). As such, the present research is to provide descriptions for theory expansion. As we argued, the rigid flexibility model has been tested in manufacturing environment and it is now intended to expand the application to the service organization.

The general question to be asked in the interview sessions is their views on service operations flexibility; its importance and how to achieve it in the context of their business. We prepared a set of open-ended questions to guide the discussion, depicted in Appendix A. During the conversations, we took notes and had it recorded. We analyzed the notes and synthesized for key words to find common themes. In doing so, we prepared a table with two columns: simplicity and discipline - to categorize all important statements given by the respondents. A total of 4 employees at the executive and managerial level were interviewed. The authors spent more time (approximately two hours) with the senior manager of Network Management Centre as all operations fall under his jurisdiction. Besides him, we also interviewed the technical service manager and two executives. The information collected from the staff is complementary to each other, ensuring the internal validity of the approach. As our focus of study is at the operational system, we believe that the four critical operations staffs are enough to provide us with the required information. When necessary, we made a follow-up call to the informants to ascertain the obtained information. The secondary information was taken primarily from AirAsia’s web-site: AirAsia.com.

#### 3.1. *The case of AirAsia*

The airline industry falls within the category of a service factory defined by Schmenner (1986) that characterized by the low level of customer interaction and low intensity of labor use; a characteristics of a mass production of the manufacturing industry. This category is deemed



to get the most benefit from the principle of simplicity and discipline prescribed by Collin and Schmenner (1993).

The concept of budget airline started in early 70's with the establishment of Southwest Airline the US. In fact, the airline has started a revolution in the operations of airline company with successful business models. Because of the pressure from competition, many US airlines went bankrupt, except that group of low budget airlines lead by Southwest Airline that keep on making profits. In Europe, Ryanair started similar model of operations in 1985 and still the market leader in that region. In 2001, Airasia started its budget operation in Malaysia and has since been the market leader in Asia. Other regional main players are Tiger Airways and Jetstar, both started in 2004.

Being among the newest in the business globally, AirAsia has attracted investors and customers with its fast and innovative ways. This company has begun to emerge to become a regional brand, and not surprisingly a global brand in the near future. With the plan to expand its operation to new destinations like London, India, and Australia, AirAsia could become a dominant airline company in the global industry. Starting with only a few airplanes in December 2001, now the company has operated a fleet of 34 Boeing 737-300 and 17 Airbus 320 airplanes. It successfully raised a stunning RM717.4 million in one of the largest public offerings in Malaysia.

With an expansion program in line, the company has ordered 130 A320s that will eventually replace the existing Boeing 747-300s. The growth is attributed to the demand of air transport across Asia. AirAsia's popular theme 'Now Everybody Can Fly' is the talk of the town in ASEAN. In March 2007, the rate of on-time departures and arrivals was 85%. The operating practices includes a turnaround of arriving airplanes of 25 minutes, the fastest in the region, which give a higher utilization of the airplanes and employees, better productivity, and better economizing. Among the award achievements are Asia's Best Budget Airline 2006 by SmartTravelAsia.com, Best Managed Company, Best Corporate Governance, Best Investor Relations, and Most Committed to Strong Dividend Policy by FinanceAsia.com, also in 2006, and the Airline Market Leadership Award by Air Transport World (ATW) in 2005. As of 31 August 2006, the airline employs 2680 and enjoys a customer base of 16 million. AirAsia's main strategies are: low-fare, no-frills services, frequent flights, and guest convenience.

### **3.2. *Simplicity and Discipline at AirAsia***

As the intention of this paper is to show the relevancy of the concepts to a service operation, this study will focus firstly on procedures and practices that relate to the concept of simplicity. From the extracted analysis of the conversation, we observe that there are four common practices that could be associated with simplicity and three practices that could be connected to discipline. We elaborate further in the following section.

#### **a) *Commonality of systems and equipment.***

AirAsia strives to have a similar type of equipment. In this case, the company is in the process of phasing out all the Boeing 737-300 models and is replacing them with Airbus 300 models.



This decision will automatically simplify the handling and maintenance of the equipment, plus make easier the training of new pilots and air staff.

*b) Simplifying the booking and sales.*

Relying heavily on IT, the company keeps introducing innovative ways for booking and ticket sales. In August 2003, the airline became the first in the world to introduce SMS booking where customers could book their seats, check flight schedules, and obtain the latest promotional announcements through their mobile phones. In April 2002, the company established a nationwide call center with 180 telephone lines and could take 6000 calls per day. Internet booking and ticket-less operations are the essence of the simplified process of booking and checking-in. In addition to the facilities, there are numerous reservation and booking offices and authorized travel agents that could process the activities.

*c) Simplifying the operations: checking-in, seating and snacks.*

The turnaround of an aircraft must take place in 25 minutes. By simplifying the process where there are no different classes, the staff manages to complete the process in less than 25 minutes. Lately, the management has allowed a controlled pre-selected seat with extra fee for those who request them. Snack attack is provided where passengers could order a limited range of snacks and beverages. In all, fifteen types of ready-made beverages and seven types of snacks are offered.

*d) Organizational structure.*

Through the interviews, we managed to find an organizational structure where three executive vice presidents, for operations, commercials and people, serve under the CEO and the deputy CEO. The senior manager of the network operations, who contributed most of the information in this article, reports to the executive vice president of operations. When this question was posted to the operations manager, "Why is the organizational structure not officially emphasized?" he only implied that the CEO would prefer to have a common feeling of unity among the staff. Thus having a rigid structure will segregate people into different categories. In general, the organizational structure of this organization is one that has two management layers; the top managers consisting of the CEO, deputy CEO, and three vice-presidents and the second layer consisting of managers for various functions.

With regards to the principles of discipline, here are some of the procedures and practices that are relevant.

*a) Practicing quality (excellence) culture*

Some elements of excellence are present, such as the commitment of the leaders to create the culture of quality directly. Quality in the low cost airline industry is very much related to dependability and assurance to the customers, while maintaining the operations costs. As Tony Fernandez the CEO, pointed out.

"To the consumer, a strong Airasia brand is a sign of dependability and leadership, giving added confidence and assurance. Airasia will not just be number one in size; it will be number one in

the minds of consumers. This is the passion of AirAsia and trust me, we will never lose sight and passion of being the best.” (Fernandes, 2012)

*b) The system disciplines the customer*

Going after this specific market of price-conscious passengers, i.e. those who are willing to book early and pay in order to get cheaper and affordable prices, here the concept of discipline applies to the customer. In return, the company manages to absorb the variability of demand by having confirmed booking with payment in advance.

*c) Discipline of the staff*

The staff is not required to clock in and out. They come to work because they like to work as commented by the senior operation managers. Information is available on the measures of performances where those who are below the standard will be known to other staff members. There is a simple spreadsheet excel system called ‘Baywatch’ that disseminates relevant information to all staffs. The operation manager stresses that:

“I want to go back to basics, for example I introduce an excel spreadsheet showing the information relevant to people. Trust them, give them information’

*d) Performance measurement*

Various performance measures are used to indicate operating efficiency. The company strives to beat the measures all time. For example, the rate of on-time arrivals and departures of the May 2007 is 84%, whereas the turnaround of an aircraft was 25 minutes.

*e) Training and development*

The company stresses the training and development of the staff to keep abreast with changes. The normal one week on-the-job training is given to new employees. Training is ongoing for three months within the period of probation. Employee skills and knowledge will be upgraded with an ongoing course using AirAsia’s academy. The staffs are multi-skilled where they are trained to handle multiple jobs. For example, the cabin crews are not only serving passengers on-board but do multiple tasks such as ensuring passengers’ safety, helping passengers, and ensuring cleanliness of aircraft interior.

#### 4. DISCUSSION OF THE FINDINGS

The findings of the case analysis suggest that excellent practices and procedures done at AirAsia characterize both concepts of simplicity and discipline. For example, the company decision to use one type of aircraft ensures its easy maintenance and training of staffs. The use of IT at the company helps the company plan the unplanned changes. The clever use of IT has enabled the control filter, as specified by Correa and Gianesi (1994) to function properly. It simplifies the booking, sales and checking-in procedures. Furthermore, the company has locked a partnership with its IT vendors for mutual benefits where AirAsia can constantly improve their system while the IT vendor learns to create innovative products according to customer requirements.

By utilizing IT, the company has managed to simplify its operations of checking-in through its free seating practices. Furthermore, it simplifies the delivery of food and beverages to the passenger through limited choice of snacks and beverages. Finally, it has a simplified organizational structure that helps its management to communicate quickly with those at a lower level.

In addition, training and development help the company achieve the element of discipline. It is associated with labor flexibility in a manufacturing context. Performance measurement is used to monitor the standard to achieve. Such efficiency indicators as the 25 minutes turnaround of an aircraft, 85 percent on-time arrival and departure, etc are utilized. This practice is similar to Collins and Schmenner's (1993) proposed use of ISO standards to achieve discipline. In addition, the total quality culture adopted by the company provides discipline for managing its operations.

All in all, this study has shown that the concepts of simplicity and discipline are well connected to a service organization; at least as observed in this study, to a service factory type of organization. Further studies could be conducted to other types of service organization such as that of a mass service category. Looking back at the seven dimensions of service operations flexibility proposed by Correa and Gianessi (1994), the simplicity and discipline have enabled AirAsia, to some extent, to design a new service; a long-haul, no-frill airline. The new service will enable passengers to fly to long distance destinations from Asia. Among the new proposed destinations are London, India, Australia and New Zealand. With regards to the package service, AirAsia is able to marry its air travel business with other travel services, such as food and accommodation, by using the integrated internet booking system with the introduction of package services. It is the integrity of its IT infrastructure, again, that deals quite effectively with the delivery time flexibility and delivery location flexibility. In the case of booking and purchasing of a seat, a customer can carry out the process anytime, at anyplace. AirAsia strives to increase the frequency of the flights, thus increasing the volume capacity. Nevertheless, not all unplanned changes are effectively solved with the integrated elements of simplicity and discipline. The last two types of flexibility, they seem, are the most difficult ones for a company like AirAsia to deal with. There have been cases of stranded passengers, complaining on the slow response of the staffs to deal with their problems. Therefore, there is a question of the model only effectively provide answers for some types of service flexibility, but not all.

Our intention of introducing and applying the concepts to a service organization has been achieved. We reckon that this is not to say that Airasia's operational success is due to these concepts. Rather it is suggested that the concepts of simplicity and discipline, as proven to be successfully applied to manufacturing sector, could also be potentially applied to service organizations. In doing so, this study has generated more questions to be answered such as whether; this model could be applied in other service industries, whether the practices and procedures are just normal excellent practices but rebranded as simplicity and discipline, or whether the concepts work well to low achieving or average service firms, thus we call for further empirical future study.

## 5. SUMMARY

It is proposed, in this case study that simplicity and discipline, the two dimensions in the rigid flexibility model fit well, to some extents, for services organization. As for the dimension of simplicity, it can be induced that the best practices at AirAsia such as using the same equipment, simplifying the booking and sales through IT, simplifying the operations through limited choices of snacks and beverages, and simple organizational structure. These practices have created simplicity for its service operations. On the other hand, some practices and procedures that can be attributed to the discipline function; are the quality or excellence culture, training and development, performance measurement, and discipline of the staff. Overall, the best practices and procedures at AirAsia contribute to simplifying its operation and disciplining the system elements.

## NOTES

The original paper was presented at POM's Service Operations Conference at London Business School in 2007. I have benefited from the comments by the audience. I have updated the literature to reflect the current situation.

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## APPENDIX A

### LISTS OF OPEN-ENDED QUESTIONS

- 1) Nature of the industry competition
- 2) Your business strategy, business model, customers
- 3) Your strengths
- 4) The importance of flexibility in your operations
- 5) The infrastructure that you require to support your operations
- 6) Your investments in infrastructural; people, technology, system
- 7) IT strategy
- 8) Quality management initiatives, efforts, investment
- 9) View of lean principles.
- 10) Special operation competencies (distinctive competencies)
- 11) Problems, challenges, future plans.