
From Scientific Management to Service Management

A Management Perspective for the Age of Service Competition

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Introduction

Service management is not a well-delineated concept. It is, however, used more and more by academics as well as by practitioners. Conferences on service management are arranged, books with the phrase service management as part of the title are published and academic courses called service management are developed. Service management is inevitably establishing itself as a recognized field. However, it is understandable that an outside observer easily feels confused when confronted with the concept. The purpose of this article is to discuss how service management emerged, what it is, and what contributions it offers to management research and practice.

Today, service management is more a perspective than one discipline or one coherent area of its own. It is a perspective that gives firms that face service competition, i.e. that have to understand and manage service elements in their customer relationships in order to achieve a sustainable competitive advantage, more or less similar guidelines to the development of such separate areas as management, marketing, operations, organizational theory and human resources management as well as quality management including service quality management and TQM. This perspective is described very well by the observation by Schneider and Rentch (1987) that firms that apply service management principles consider "service as *the* organizational imperative".

The service management perspective includes some more or less general shifts in the focus of management (Grönroos, 1990a, p. 118):

- (1) From the product-based utility to total utility in the customer relationship.
- (2) From short-term transactions to long-term relationships.
- (3) From core product (goods or services) quality or the mere technical quality of the outcome to total customer-perceived quality in enduring customer relationships.
- (4) From production of the technical quality of products (goods or services) as the key process in the organization to developing and managing total utility and total quality as the key process.

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In addition to this, a number of principles of service management that seem to be fairly commonly accepted are discussed in the lead article of the first volume of the *Journal of Services Industry Management* from 1990 (Grönroos, 1990c).

Facets of Service Management

The service management perspective has emerged within several disciplines with a number of somewhat different and yet interrelated angles. One can say that major impacts on this perspective come from at least six different areas: marketing, operations management, organizational theory and human resources management, management, and service quality management, and finally as a sixth area business executives and consultants. The approach by executives and consultants was originally heavily influenced by the Scandinavian experience in turning around and managing service firms, particularly by SAS Scandinavian Airlines System (see Albrecht and Zemke, 1985, Carlzon, 1987). In addition to these areas, there are scattered contributions from other disciplines as well (e.g. economics).

As service management has emerged from so many points of view and not yet merged into one management theory, there is no definition of it that would have been commonly accepted. In fact, most authors seem to avoid in-depth discussion of the definition issue. However, Grönroos (1990a; see also Grönroos, 1988) offers a fairly exhaustive definition of service management:

Service management is:

- (1) To understand the utility customers receive by consuming or using the offerings of the organization and how services alone or together with physical goods or other kinds of tangibles contribute to this utility, that is, to understand how total quality is perceived in customer relationships, and how it changes over time;
- (2) To understand how the organization (personnel, technology and physical resources, systems and customers) will be able to produce and deliver this utility or quality;
- (3) To understand how the organization should be developed and managed so that the intended utility or quality is achieved; and
- (4) To make the organization function so that this utility or quality is achieved and the objectives of the parties involved (the organization, the customers, other parties, the society, etc.) are met (Grönroos, 1990a, p. 117).

Albrecht (1988) presents a shorter definition. Some of the information content of the above mentioned definition is of course lost, but it clearly demonstrates some of the key facets of service management:

Service management is a total organizational approach that makes quality of service, as perceived by the customer, the number one driving force for the operations of the business (p. 20).

The shift of focus and the definitions presented above demonstrate the major meaning and significance of service management. Five key facets of the service management perspective can be recognized, viz., overall management perspective, customer focus, holistic approach, quality focus, and internal development and reinforcement:

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- (1) It is an *overall management perspective* which should guide decisions in all areas of management (not only provide management principles for a separate function such as customer service);
 - (2) It is *customer driven* or market driven (not driven by internal efficiency criteria);
 - (3) It is a *holistic perspective* which emphasizes the importance of intraorganizational, cross-functional collaboration (not specialization and the division of labour);
 - (4) Managing *quality is an integral part* of service management (not a separate issue); and
 - (5) *Internal development* of the personnel and reinforcement of its commitment to company goals and strategies are strategic prerequisites for success (not only administrative tasks).

In the major part of this article these five facets of service management will be discussed. However, today the mainstream management focus is still on economies of scale and a striving to decrease the cost of production and of administering the business, in order to minimize the unit cost of the products, accompanied by aggressive traditional marketing and sales campaigns and continuous product development efforts. While there is no contradiction between service management and product development efforts, the overemphasis on cost reduction and economies of scale as well as on traditional marketing activities is challenged as obsolete and even potentially dangerous as general management principles.

From “Scientific Management” to Service Management

The mainstream management principles of today are based on a perspective that emerged during the industrial revolution. They can be traced back to Adam Smith's analysis of the pin factory. In *The Wealth of Nations* (1950/1776) Smith advocated that one should pursue specialization and the division of labour. Later in *Scientific Management* (Taylor, 1947) principles along the same lines were formulated, although Taylor did take into account the wellbeing of the workforce. Mass production and economies of scale were considered fundamental parts of this management philosophy.

Long-lasting and well-established structures are not easily changed from within. Environmental changes may put enough pressure on the establishment so that marginal corrections of problems are made, but the structure itself lasts. This is what seems to have happened with today's management principles based on the scientific management perspective. The educational level and standard of living of the workforce has increased tremendously and made people much more sophisticated and demanding as employees and consumers; the magnitude of competition has increased and its nature changed which, for example, has made firms much more vulnerable to international competition and has made the competitive edge provided by excellent core products much less effective; the exploding development of information technology has made customers and competitors much more aware of available options; and the nature of the new technology makes it possible to achieve results totally

different from mass production and standardization which have been the traditional gains of new technology. In spite of all these trends, the grip of the traditional management principles has remained steady.

However, all these trends make old management principles less appropriate and effective. The work environment becomes less encouraging for the employees, technology is not used to create as much job satisfaction for employees and value for customers as possible, enduring customer relationships are not developed and competitive advantages are not achieved. Service firms were among the first to observe the problems created by the old management structure. An interest in studying service-specific issues emerged first among marketing researchers[1]. The development of new models, concepts and tools based on the characteristics of services and of their production and delivery processes started during the 1970s. Following a few earlier doctoral dissertations and articles, the doctoral dissertations by Judd (1965), Johnson (1969) and George (1972) offered a thorough description of the nature of services and of specific problems in services marketing. Wilson's (1972) and Rathmell's (1974) books on professional services and the service sector in general respectively were the first ones exploring marketing problems in service firms. Even if research into services took off at approximately the same time in North America (resulting in, for example, two widely used texts and readings by Lovelock from 1984 and 1988), much of the dominance of services marketing progress shifted to Europe (e.g. Bateson, 1989 in English; Grönroos, 1979 and Gummesson, 1977 in Swedish; Langeard and Eiglier, 1987 in French; Lehtinen, 1983 in Finnish; and in addition, a number of books published in, at least, Austria, Belgium, Denmark, Germany, Italy, The Netherlands, Norway and Spain (see Grönroos, 1990a)).

Among other things, the nature of the customer relationships and of operations and the production and delivery processes were considered different for services by the pioneering researchers, and the quality of services was found to be formed and perceived in such a way that traditional models from manufacturing did not apply. However, researchers interested in services did not predominantly attempt to change old management models and concepts in a marginal fashion in order to fit services. This is especially true for the so-called Nordic School of services with its roots in the mid-1970s (e.g. Grönroos and Gummesson, 1985), where, for example, marketing was viewed as an area that cannot be separated from overall management. Instead a totally new approach to the problem of how to manage various aspects of service organizations was taken. This was the beginning of what later, by Richard Normann (1982/1984), was labelled "service management"[2].

The Overall Management Perspective

Normann (1982/1984) and Grönroos (1982) have shown how a traditional management focus overemphasizing cost reduction efforts and scale economies may become a management trap for service firms and lead to a vicious circle where the quality of the service is damaged, internal workforce environment deteriorates, customer relationships suffer, and eventually profitability problems occur. Growing marketing and sales budgets may slow down the

negative trend for some time, but as this normally only means increased persuasion and overpromising, in the long run it only leads to unsatisfied and defecting customers. In the tradition of Adam Smith and scientific management, the traditional management principles are largely based on specialization and the division of labour. From this has frequently followed a short-term, manipulative and transaction-oriented view of market relationships and an adversary relationship between functions within the firm and between the firm and its external partners, such as customers, suppliers and middlemen. Service management is based on a different assumption of how the intraorganizational and interorganizational relationships should be viewed and developed. Teamwork, interfunctional collaboration and interorganizational partnership, and a long-term perspective are, generally speaking, inherent values in service management.

Originally, Normann and Grönroos discussed service firms only, but as it has gradually become evident that services are growing in importance for manufacturers as well, the arguments for a management trap and vicious circles become more generally valid. Grönroos' definition of service management and the notion of service competition clearly imply that not only service firms but all types of organizations may be included.

Service management as an overall management perspective gives high priority to the external efficiency of the firm, how customers perceive the quality of the core products and the total performance of a firm, instead of overemphasizing internal efficiency, economies of scale and cost reduction. This combines the overall management perspective of service management with its customer-driven and quality-oriented facets, employee-oriented concerns and its long-term perspective.

Customer Orientation

As a general lesson from service management, Heskett (1986 and 1987) argues for a focus on "market economies" instead of emphasizing scale economies too much. By this he means that a competitive edge and profitability are accomplished by a closer market orientation rather than by a focus on large-scale production of more or less standardized products in order to keep unit production costs down. More recently, Sasser and Reichheld have stressed this point in their studies of the economic effects of retaining customers as compared to cost reduction efforts without diminishing customer defection rates (Reichheld, 1993; Reichheld and Sasser, 1990). Their studies show that the decrease of the defection rate by a comparatively small percentage has an impact on profits that would be difficult to achieve by cost reduction efforts. The figures differ greatly from industry to industry but the trend is the same. Additional studies will most probably support these findings. For services businesses where the service outcome and the production and delivery processes can be highly standardized, economies of scale based on a production-line approach as suggested by Levitt (1972) may be possible. McDonald's would be an example of such a case, but as Schlesinger and Heskett (1991) more recently have argued, when facing more pressure from new competitors even firms like McDonald's may have less support from technology-driven

standardization of the production and delivery of their services. This does not, of course, mean that economies of scale and cost reduction efforts would be a thing of the past; on the contrary. It means, however, that the major focus cannot be on such efforts any more. "Market economies" and a genuine interest in the customer become imperative.

Customer loyalty is the cornerstone of successful service management (Heskett *et al.*, 1991). However, a word of warning is needed here. Even if customer retention is important, the firm should strive to keep the right customers from defecting. The recently emerging interest in what we in another context (Grönroos, 1993b) have labelled "customer relationship economics" has shown that "customer relationship profitability", to use an expression coined by Storbacka (1993), is not only a function of a stable customer base. As he points out, the firm must not retain the wrong customers, i.e. customers that are not and cannot be expected to become profitable (Storbacka, 1993; see also Barnes and Cumby, 1993). Doing a thorough customer relationship profitability analysis is equally important as efforts directed towards creating a loyal customer base and retaining customers.

Voices have been raised that service management overemphasizes the importance of customer satisfaction and efforts to improve customer perceived quality. Productivity and profitability issues may suffer from this alleged myopic view of the importance of service quality and customer satisfaction (Storbacka, 1993). If the service management perspective is applied so that the firm loses track of the importance of productivity and profitability, this criticism is of course valid. In this sense, the critical voices are important, because in the service management literature, productivity and profitability are far too often given only marginal attention. And without proper segmentation and a customer relationship profitability analysis done for each segment of customers, mistakes may easily be made. Large groups of unprofitable customer relationships may easily be tolerated and not even recognized, if total profitability is good enough. This does not, however, decrease the importance of service management in today's competitive situation. Any model or concept can be implemented in a less than satisfactory way.

Research into service management has shown that, contrary to common belief, quality improvement and productivity gains are not necessarily mutually exclusive (e.g. Haywood and Pickworth, 1988). This view is partly due to the fact that most frequently productivity is measured in an unsophisticated way (Steedle, 1988). The influence of scientific management can be seen here as well. Productivity is treated as an internal efficiency issue only, where the impact on perceived quality and customer satisfaction is neglected. Productivity measurement models have also always been developed within a manufacturing context, and there the customer's impact on operations and on quality formation has been ignored. Still, today, how to measure productivity in a service organization is more or less an unsolved problem. Manufacturing models, which inevitably become unsophisticated in service contexts, give wrong signals to management. They are internally oriented, they are short term in nature, they do not give information about long-term productivity, and they

seldom measure the productivity of the whole operation. As noted by Pickworth (1987), who uses a restaurant example,

... the issue is whether food-service managers should think of their outputs as *meals produced or customers satisfied*. If customer satisfaction is the measure, a *quality dimension* is also needed in productivity measurement (p. 43, emphasis added).

The same efforts may, correctly implemented, improve service quality and at the same time have a favourable impact on productivity (e.g. Cowell, 1984). For example, training employees makes them more knowledgeable of the services and the production and delivery processes, and, therefore, they make fewer mistakes and can answer questions asked by customers more quickly. The customer gets faster service and more accurate information. A new technology may remove bottlenecks in operations and speed up the service production and delivery process, a fact that the customers perceive as improved quality.

As far as profitability is concerned, the slowly growing number of studies of customer relationship economics demonstrate, as has been noted previously, that customer retention has a positive effect on profitability. Customer retention again is among other things depending on how well the firm can provide its customers with services. Of course, the core product and price issues are important here, too.

Customer Perceived Quality Orientation

Quality is another area where research into the various areas of service management has had a decisive impact. As noted by Gummesson (1993a), quality has been a black box in management and marketing theories. And in operations and production management quality has been treated as a production problem from an internal efficiency point of view. Especially, research into the marketing of services (e.g. Grönroos, 1982, 1984, 1993a; Gummesson, 1993; Parasuraman *et al.*, 1985) has demonstrated the need for including quality management as an integral part of service management theory[3]. The perceived service quality model (Grönroos 1982, 1993a), the gap analysis model (Parasuraman *et al.*, 1985), the SERVQUAL instrument (Parasuraman *et al.*, 1986, 1994), the Meyer-Mattmuller model (Meyer and Mattmuller, 1987), Lindqvist's index (Lindqvist, 1988), and other quality management models and instruments (e.g. Andersson, 1992; Edvardsson and Gustavsson, 1988; Lemmink and Behara, 1992; Liljander and Strandvik, 1993, and 1994; Stauss, 1993) are examples of what has been developed within the marketing-oriented approach to services. In service operations research quality has been studied as well (cf. Haywood-Farmer and Stuart, 1988; Johnston, 1987)[4]. The literature on services by consultants also includes service quality books (e.g. Davidow and Uttal, 1989).

The customer focus of the research into services has had a decisive impact on the general approach to quality management. Service researchers very strongly put forward the view that it is the customer who decides what quality is and that it is customer perceived quality that has to be studied. Subsequently, this view has been supported by, for example, the findings of the PIMS project (Buzzell and Gale, 1987) and by the total quality management (TQM)

movement. Customer orientation is a central aspect of TQM programmes. Nevertheless, many such programmes seem to fail[5]. One reason for this may be the fact that marketing is often missing. As Kordupleski *et al.* (1993) observe,

there is a considerable participation by quality control engineers, manufacturing people, operations managers, human resource people, and organizational behavior experts. A group notable by its absence is the function closest to the customers – namely, marketing. ... Why are marketing people not more involved in quality improvement? (p. 83).

Here is a big difference between TQM and service management. TQM has been developed by non-marketing people who only recently have observed that customers are important to the success of the business. The customer-perceived quality focus and quality management models inherent in service management have been developed by marketing and operations as part of the interface between those two areas. Marketing and quality are seen as two sides of the same coin. Hence, the contact with marketing is more natural in service management than in TQM.

Long-term Perspective

The long-term perspective inherent in service management has had an important impact on marketing. Services marketing research has demonstrated the importance of long-term relationships instead of short-term deals and campaigns (cf. Grönroos, 1982 and Gummesson, 1987). The emerging interest in customer relationship economics (Storbacka, 1993) and recently published studies of the economic impact of customer retention (Reichheld and Sasser, 1990) support this view. Relationship marketing (cf. Christopher *et al.*, 1991; Grönroos, 1994 and Gummesson, 1993b; see also Berry, 1983) is a new approach to marketing which is quickly growing in importance.

The long-term orientation is clearly in line with current trends in business (cf. Kotler, 1992). Partnerships and networks as well as strategic alliances are formed in international business and in many industries are becoming increasingly important on domestic markets as well. As Frederick Webster (1992) concludes in an analysis of current trends in business,

there has been a shift from a transactions to a relationship focus" (p. 14)...and...from an academic or theoretical perspective, the relatively narrow conceptualization of marketing as a profit-maximization problem, focused on market transactions, seems increasingly out of touch with an emphasis on long-term customer relationships and the formation and management of strategic alliances. ... The focus shifts from products and firms as units of analysis to people, organizations, and the social processes that bind actors together in ongoing relationships (p. 10).

In service management, marketing efforts are often considered investments in customers more than marketing expenses. This view is nothing entirely new in marketing. In the network approach to industrial marketing the concepts of market and marketing investments have been introduced (Johanson and Mattsson, 1985). More recently, Slywotzky and Shapiro (1993) also argue for a new attitude towards marketing, where marketing is treated as investments instead of short-term expenses.

In 1992, US companies spent more than \$700 billion on activities such as selling, advertising, and sales promotion. For many companies, sales and marketing expenditures represent 15 per

cent to 20 per cent of each revenue dollar. From that same dollar, about 4 per cent to 10 per cent is devoted to capital budgeting projects. While capital budgeting expenditures are carefully examined and analysed – and treated as investments – the much larger marketing piece is viewed as an annual expense (p. 98).

Holistic Approach to Management

Service management's holistic approach to management has had several effects. In marketing it has clearly demonstrated the need for expanding the notion of who the marketers in a firm are. Gummesson (1991) has introduced the break-through concept "part-time marketers" for the employees outside a traditional marketing department, who normally are not trained as marketers or even appointed as marketers, but who nevertheless take care of customer contacts and thus make an impact on the future purchasing behaviour of the firm's customers. He emphasizes the importance of the part-time marketers by stating that:

marketing and sales departments (the full-time marketers) are not able to handle more than a limited portion of the marketing *as its staff cannot be at the right place at the right time with the right customer contacts* (p. 72).

It has, thus, been concluded that everyone is a marketer, one way or the other (Grönroos, 1982 and Gummesson, 1990; see also Webster, 1988).

Even more important is the influence that the holistic view of the service management perspective has had as a means of crossing traditional business functions and corresponding academic disciplines. In service marketing research the importance of operations as part of marketing has been observed. The concept "interactive marketing function" (Grönroos, 1982) has been developed to point out the marketing impact of the service production and delivery process. Langeard and Eiglier (1987) introduced the *servuction* concept which treats service operations in the context of marketing. In his services marketing system, Lovelock (1988) has integrated marketing, operations and human resources management. In operations a similar trend can be observed. The service management perspective has made researchers within the area of production and operations interested in the impact of the operations systems on customers (e.g. Bowen *et al.*, 1990; Chase, 1978, 1991; Collier, 1987; Voss *et al.*, 1985). The textbook on service operations by Sasser *et al.* (1978) was a first major step in this direction, which at Harvard Business School led to an experiment with an academic course combining service operations and services marketing. However, apparently this experiment was not allowed to last very long.

In organizational theory and human resources management a similar trend can be seen. The service management perspective has, for example, created such concepts as the service management system (Normann, 1982) incorporating a marketing and operations view in an organizational theory context, and empowerment (Bowen and Lawler, 1992) which relates human resources management to marketing. Other contributions from this field include publications by Schneider (1980) and Mills (1986)[6].

Focus on Internal Development

Service management also has an internal focus where the development of the personnel and the creation of employee commitment to the goals and strategies of the firm are key issues. In service marketing research the need for internal marketing has been observed (Grönroos 1982; see also, for example, Barnes, 1989; Berry, 1981; George, 1984, 1990). In 1982 Grönroos formulated the internal marketing concept, according to which the internal market of employees is best motivated for service mindedness and customer-oriented performance by an active, marketing-like approach, where a variety of activities are used internally in an active, marketing-like and co-ordinated way.

Without active and continuous internal marketing efforts the interactive marketing impact on customers will deteriorate, service quality will suffer and customers will start to defect with negative effects on profitability as a result. In this sense internal marketing is a prerequisite for successful external marketing. Internal marketing includes both an attitude management aspect and a communications management aspect (Grönroos, 1990a). In organizational theory and human resources management the same issues have been addressed and for example the above mentioned concept of empowerment has emerged as an element of internal marketing. Generally speaking, internal marketing and HRM represent an interface between marketing and organizational theory that has been emphasized by the service management perspective (cf. Grönroos, 1990b).

Internal marketing is not, of course, anything entirely new in a firm. Internal programmes to make employees committed to various goals have always existed. What is new is the active, market-oriented approach as suggested by the internal marketing concept. Some marketing activities from traditional external marketing may be used together with training and other traditional personnel development activities. At best, internal marketing offers an umbrella for all these and other activities which make the development of personnel a strategic issue[7].

In Conclusion: What is Service Management?

As the discussion of service management and its five key facets above demonstrates, service management is not a well-defined area or a single theory of management. Rather it is a management perspective that fits today's competitive situation. Cost reductions and core product quality are still important to success, but to achieve customer satisfaction and a competitive advantage through differentiation of the market offer (cf. Quinn *et al.*, 1990) more value has to be added to the core product. This is done through a variety of services and by turning activities such as deliveries, technical service, claims handling, telephone exchange, invoicing, etc. into customer-oriented, value-adding services.

The service management perspective has had a novel impact on cross-disciplinary research. Volumes including research from various fields are published (Swartz *et al.*, 1992, 1993). International conferences have been arranged, mostly in Europe, on service management (*Proceedings* from the 1st

and 2nd International Research Seminars in Service Management 1990 and 1992) and on service quality management (e.g. Kunst and Lemmink, 1992; Brown *et al.*, 1991; Scheuing *et al.*, 1992[8], where researchers representing marketing, operations, organizational theory, psychology, finance, economics and other disciplines together discuss various aspects of management from a service perspective. In these areas research has taken new directions guided by this common perspective.

The term service management was introduced in Swedish in 1982 and in English in 1984. Since then it has slowly become a term used to indicate a common perspective. But this perspective started to evolve long before this term came into use within disciplines such as marketing, organizational theory and human resources management, and operations. Various disciplines have brought contributions of their own to service management, e.g. service competition, the long-term relationship marketing notion, interactive and internal marketing, the part-time marketer concept and the perceived service quality model (marketing), the service management system, the high-contact/low-contact personnel distinction, empowerment and the notion of people as the major resource of a firm (organizational theory and human resources management), the customer-oriented and outward looking approach to operations, and the front-office/back-office notion (operations management), and service guarantees, the market economics focus and customer retention analysis (management), to mention just a few. However, true cross-disciplinary research is still rare. In the future such research projects will broaden and deepen the service management perspective even more.

Notes

1. Berry and Parasuraman provide an interesting analysis of the development of services marketing thought in their article "Building a New Academic Field – The Case of Services Marketing" (Berry and Parasuraman, 1993). See also the article on the evolution of the English-language services marketing literature by Fisk, *et al.* (1993).
2. Subsequently, among other things, building on the notion that customer participation in the production and delivery process is a central characteristic of services and service management, Normann has developed this further into an interactive strategy model for any type of business, according to which successful firms not only create value but reinvent it together with their customers (see Normann and Ramirez, 1993).
3. There have been earlier attempts to treat quality in a more explicit way in the microeconomic and marketing literature. In the 1950s researchers such as Abbott (1955), who wanted to add more realism to microeconomic price theory, included quality in their models. Abbott, for example, had an astonishingly modern view of quality: "The term 'quality' will be used ... in its broadest sense, to include all qualitative elements in the competitive exchange process – materials, design, service provided, location, and so forth" (p. 4). These models influenced parameter theory (Mickwitz, 1959), a marketing theory which was somewhat similar to but much more developed than the marketing mix approach which since the 1960s has dominated marketing. In this theory quality was an integral element. With parameter theory, quality as anything other than a black box disappeared from the literature.
4. Specific contributions from the area of operations management are not discussed in detail here, as the role of that area in service management is the topic of Robert Johnston's article "Operations: From Factory to Service Management" (1994).

5. Compare, for example, the disappointing findings in two studies by the consulting firms A.T. Kearney and Arthur D. Little (*The Economist*, 1992). In a study of more than 100 firms in the UK, 80 per cent reported that no significant impact could be observed as a result of TQM, and in a study of 500 US firms, almost two-thirds said that they had achieved no competitive gains.
6. The integration of marketing and operations management with human resources management is further elaborated on in Benjamin Schneider's article "HRM – A Service Perspective: Towards a Customer-focused HRM" (1994).
7. However, even this umbrella notion of internal marketing is not entirely new. Major changes in management perspectives always require extensive internal attention. It is interesting to notice that Frederick Taylor in his testimony about scientific management before the American congress in 1912 explicitly states that "... in its essence, scientific management involves a complete *mental revolution* on the part of the working men engaged in any particular establishment or industry. ... And it involves the equally complete mental revolution on the part of those on the management's side. ... And without this complete mental revolution on both sides scientific management does not exist." (Taylor, 1947, testimony part, p. 27; emphasis added). Taylor stressed the importance of this internal focus, which, however, seems to have been neglected by his followers. Service management, equally, requires such a mental revolution or, to use a modern metaphor, cultural change. The similarity between Taylor's mental revolution and the attitude management aspect of internal marketing is obvious.
8. Two international service management conferences were arranged in France in 1990 and 1992 by IAE at the University- d'Aix-Marseille. In service quality management three QUIS (Quality in Services) conferences initiated by the Service Research Center at the University of Karlstad have so far been arranged bi-annually since 1988, two in Sweden by the Service Research Center and one in the US by St. John's University, and furthermore three international workshops devoted to quality management in services co-sponsored by the European Institute for Advanced Studies in Management have been arranged annually since 1991, in Brussels, Maastricht and Helsinki respectively.

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