

# Southwest Airlines

## A Saga of Winning Attitude

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*Companies today operate in a dynamic business environment characterized by global competition, emerging technologies, and a faltering economy. Survival, maintaining status quo and ultimately dominating the market share are essential ingredients for business strategies. Only a few companies barely manage to ensure competitive advantage on a sustainable basis. The reason for this lies in the way most companies design their competitive strategy. The innovation initiatives of the companies that bring success, often results in maiming the strategies of the competitors. Strategy makers often spend enormous time improving or designing things that can easily be duplicated, particularly in the area of products and services. Only a few companies have managed to successfully identify one of the most important business components that cannot be easily imitated—its people.*

*In the early 1990s, most companies became sensitive to the fact that people are not merely factors of production, they are costs to be absorbed in the company balance sheet. Employees, or rather the “people” as Southwest Airlines believes, are the source that contribute significantly to the revenue streams. Companies came under tremendous pressure to rethink their corporate strategies and formulate them around its workforce, so that employees stayed motivated to play a significant role in propelling their company towards achieving a continuous competitive position. The reality of the situation, of course, was otherwise. Although the companies claimed that human capital was their strategic asset, they did resort to laying off thousands of its employees as and when the business scenario became unfavorable.*

*Most companies have the practice of laying off thousands of employees when the company loses its competitiveness or when the economic environment turns unfavorable to justify a larger workforce. When the business becomes more profitable, the company reverts back to hiring again. In some cases, they let go of the same people and in most cases an entirely new set of employees. The company spends precious resources in orientation, induction programs for fresh recruits, adding to the burden of costs. The entire process, though logical, will only hurt the company in the long run, as continuous hiring and firing will put the company at a competitive disadvantage.*

*Building loyalty and nurturing positive attitudes between employees and the senior management team, ensure that a company can maintain competitive advantage. One company that has been widely referred to by management consultants and academic experts alike, on this topic, is Southwest Airlines (US). The airline is a classic example of a company that has achieved success by hiring people who fit into the company’s culture and who have positive work attitude as their main qualification.*

### ***The People Department at Southwest Airlines***

*“Please pass all the plastic cups to the center aisle so we can wash them out and use them for the next group of passengers.”*

*Don’t be startled if you hear this announcement on board a Southwest Airlines flight. Don’t be alarmed if a flight attendant dressed in a bunny suit, pops out of the overhead bin and yells, “Surpriseee!! This is Southwest’s idea of offering its passengers a memorable flight. The company’s main motto has been to provide excellent customer service by encouraging its employees to provide a lively and fun travel to its passengers—both on board and at the airport.*

*At Southwest, serious attention is paid to parties and celebrations. The corporate headquarters is filled with pictures of Southwest employees at parties, awards, trips, celebrations, and banners. The company owed its quirky corporate culture directly to its Chairman and CEO, Herb Kelleher, who adopted a hands-on management style and was always ready to promote a party and have fun. It was Herb’s idea of fun and humor at workplace that has permeated throughout the company. At every given opportunity he is known to have said:*

*“I’ve always felt that there’s no reason that work has to be suffused with seriousness, that professionalism can’t be worn lightly. Fun is a stimulant to people. They enjoy their work more and work more productively.”*

*In 1989, Southwest had renamed its traditional personnel department as “The People Department,” as it felt the traditional name to be too impersonal and not fully conveying the objective of the department. The department’s stated mission was:*

*“Recognizing that our people are the competitive advantage, we deliver the resources and services to prepare our people to be winners, to support the growth and profitability of the company, while preserving the values and special culture of Southwest Airlines.”*

*Culture at Southwest was considered to be the most integral part of its successful existence. The company took great pride in preserving and spreading its culture called the “Southwest Spirit” by using in-house newsletters, videos, annual reports, etc. As the company grew bigger, it felt the need to make sure that all new hires were adequately educated about the culture of the company. Part of this effort was the setting-up of a “Culture Committee” which consisted of team leaders from different levels of the organization, dedicated to communicating the airline’s mission, vision, values, norms and philosophies. One of the first results of this committee was a series of “cultural exchanges” with 1,000 to 2,000 people gathered in an airplane hanger. A few years later, a program called “Back to Basics” was conceived, when 65% of its employees had been with the airline for only fewer than five years. This program encouraged people who had been with the company for many years to retell their own stories about what made the airline successful.*

*Many field programs were also designed to foster the company spirit. Southwest launched “Walk-A-Mile” program where employees were invited to volunteer a day off, to work with colleagues, in a part of the company distinct from their usual function. This experience aimed to offer new insights into operations with which employees were more likely to be unfamiliar with. Senior executives worked at the gate at an airport, handed reservations, or took over one of the jobs in their department for a day. To induce participation, Southwest promised free tickets to*

volunteers provided that at least half the workforce signed up. Another related program was the “Mind the Gap,” which organized the entire workforce into cross-functional groups in order to instill awareness of the host of functions connecting one employee to another. Interacting with colleagues from other functions not only fostered closer teamwork, but also resulted in innovative ideas.

To make sure that its entire workforce was homogeneous in its attitude towards work, Southwest instituted strict recruitment practices. Even though the practices were strict, the company didn’t deviate from being quirky in whatever it did. Very often, most of the job applicants were the airline’s customers who either went through an in-flight magazine or came across an advertisement featuring Herb Kelleher dressed as Elvis Presley, with the following message:

“Work in a place where elvis has been spotted . . . The qualifications? It helps to be outgoing. Maybe even a bit off-center. And be prepared to stay awhile. After all, we have the lowest employee mover rate in the industry. If this sounds good to you, just phone our jobline or send your resume. Attention: Elvis.”

Southwest’s job advertisements aimed at promoting the “Southwest Spirit,” and helped candidates know better about the company. Advertisements indicated that the company was looking for people who had a great sense of humor, altruistic in nature and were team players. Such practices were followed based on the assumption that “humor will help people thrive during change, remain creative under pressure and work effectively and enthusiastically.” To test teamwork and spirit, potential employees were asked to give a five-minute presentation about themselves. As the presentations were delivered, the interviewer watched the audience to see which applicants were using the time to work on their own presentations and which were enthusiastically cheering on and supporting their potential co-workers.

The screening process at Southwest was very elaborate and selective. Company reports suggest that only 4% of the more than 90,000 people who applied for work at Southwest each year were hired. Candidates were given the opportunity to share their backgrounds in an informal, conversational setting. This was done to assess how each of them behaved in front of a group, typical of a Southwest work setting. Applicants were also given crayons to draw a picture that told the story of their life. Prospective employees were also asked:

“Tell me how you recently used your sense of humor in a work environment. Tell me how you have used humor to diffuse a difficult situation.”

Each candidate then went through a three-step interview process—conducted by a recruiter, a supervisor from the hiring department and a peer. Interview by peers was considered a strong component of the recruitment process. For example, pilots hired other pilots, often coming in on their day off to do background checks. While recruiting, Southwest mainly looked at the attitude of the applicant and if their personality fit in with the “Southwest Spirit.” Ann Rhoades, a Senior Executive of the People Department, described one interview incident, which portrayed the importance of personality and attitude:

“We even turned down a top pilot who worked for another major airline and did stunt work for movie studios. Even though he was a great pilot, he made the mistake of being rude to a Southwest receptionist. Teamwork is critical. If they say ‘I’ too much in the interview, they don’t get hired.”

*Herb Kelleher further explained:*

*"The company believes that most skills can be learned and doesn't screen heavily on these except for certain specialist jobs, like pilots and mechanics. Attitudes are what count. We draft great attitudes. If you can't have a good attitude, we don't want you, no matter how skilled you are. We can change skill levels through training. We can't change attitude."*

*During the interview process, Southwest offered a very relaxed atmosphere to the candidates. On one particular occasion, eight pilots attended an interview, dressed up formally—dark suits, shoes and socks. When the interview panel suggested that they wear something more relaxed, six of them accepted the invitation and changed to Bermuda shorts. They interviewed for the rest of the day in suit coats, ties, Bermuda shorts, dress shoes and socks. Interestingly, only these six pilots were hired.*

### ***The Southwest Spirit***

*The "Southwest Spirit" has greatly helped the company keep its employees motivated and also for having the lowest employee turnover rate in the industry. The company doesn't expect every employee to behave in a certain way in a particular scenario—for example, it doesn't mandate any airhostess to wear a bunny suit and cram into an overhead cabin or be cheeky to a weary passenger by showing her pictures of exotic dishes. That is why sometimes you hear about airhostess singing safety instructions and pilots telling jokes over the PA system. Employees are given the freedom to work in ways that entertain them, but also making sure that it doesn't affect the company's credibility and image.*

*The corporate culture is further evident through the number of non-duty activities that Southwest employees get involved in. One employee has traveled along with an elderly passenger to make sure that she was able to catch her connecting flight. On another occasion, a Southwest employee took care of a dog for two weeks, when the dog's owner was told that he couldn't take the dog along on board on his vacation. Pilots have held a barbecue in appreciation for the mechanics. Pilots, deciding to thank the reservation agents, have also come in and spent a shift with them. Flight attendants and pilots can be seen working with provisioning and ramp people to stock airplanes, pick-up trash and load bags. Such activities only show the high level of motivation that employees possess in working for Southwest. As rightly put by Richard Sweet, Senior Director of Field and Product Marketing at Southwest:*

*"The reason most people are working here is not monetary or material. Culturally, having a working atmosphere that is fun and flexible is what motivates us most. The incentive program is there to help us stay focused but it's the culture that motivates me most, having the spirit that we're working as a team—not as individuals, but as family."*

*The story of Southwest Airlines provides great insights into how a company can achieve competitive advantage by using its strongest asset—the people. In an environment marked by several airline bankruptcies and subsequent lay-offs, Southwest has been successful in staying ahead of the competition. Currently, it is the sixth largest airline company in the US and is the first company to have won the "Triple Crown" a number of times. Triple Crown is awarded for best on-time record, best baggage handling and fewer customer complaints.*

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