
SOUTHWEST AIRLINES:

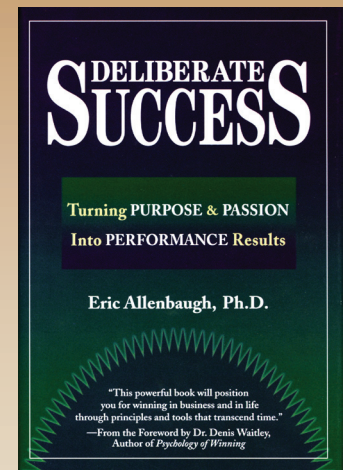
Deliberate Success through People®

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DELIBERATE SUCCESS:
Turning PURPOSE and PASSION
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Your deliberate success is our business!

SOUTHWEST AIRLINES: *Deliberate Success through People*[®]

Southwest Airlines clearly demonstrates its commitment to both their internal and external customers. And it just as clearly identifies its internal customers – its employees – as the more important of the two. By doing a particularly good job of empowering employees and creating a positive working environment, the employees, in turn, do a particularly good job of serving the passengers. When the customers are served well, they come back! And that’s how Southwest Airlines has attained such an enviable position in Corporate America.

Southwest Airlines attained more than three decades of consecutive profitability while, in recent years, receiving national recognition for being both the preferred airline by passengers and the preferred employer by employees. They have become a corporate role model for attaining great results on both The Bottom Line and The Human Element.

*“Profit is the applause you get
for satisfying customer needs and
creating a fulfilling work environment.”*

Ken Blanchard

Because of the consistent and remarkable results that Southwest Airlines achieves, I wanted to learn more. So I spent a few days at their corporate office exploring and experiencing their culture. Upon entering their corporate headquarters in Dallas, four items immediately caught my attention. Each of these made bold statements about how much they value employees:

1. “Triple Crown Award.” Within feet of the front entrance, a trophy case prominently displayed the “Triple Crown Award.” For five consecutive years, the U.S. Department of Transportation awarded Southwest Airlines with having the fewest customer complaints, best baggage handling, and best on-time performance.

Having won the “Triple Crown” for four consecutive years, Herb Kelleher, Chairman of Southwest, challenged the employees to make it five in a row. Herb tapped into the Southwest “Warrior Spirit” that had so successfully moved the airline through prior challenges. He promised employees that casual wear would be permanent at Southwest if they successfully met the five-year challenge. Additionally, the interior of

a Southwest plane would be painted to include the names of all Southwest employees. A “Gimme 5” campaign immediately sprung up as employees accepted the challenge. Today you will note that Southwest employees wear casual clothing – and a special Southwest airplane has all of their names inscribed in the interior.

2. The “People Department.” Southwest honors people, whether passengers or employees. And it shows in everything they do. Off to the left of the main lobby, a “People Department” sign welcomes applicants into cheerful surroundings. Even a popcorn machine announces its presence with the fresh smell of hot-buttered popcorn available to staff and applicants. Not your typical “Human Resources” department, the Southwest environment emphasized festive, friendly, and fast service – similar to their flights. Their “hire for attitude, train for skill” philosophy manifests itself in every aspect of the physical surroundings and in their operations. A Southwest “People Department” executive said to me: “*We consider everyone we hire to be a leader.*” Notice their high expectations right from the start.

3. Herb’s Message. Herb Kelleher consistently demonstrates the value of honoring employees and understands the impact engaged employees have on customer service. A large sign in the main lobby prominently displays Herb’s message:

“The people of Southwest Airlines are the creators of what we have become – and of what we will be.

“Our people transformed an idea into a legend. That legend will continue to grow only so long as it is nourished – by our people’s indomitable

spirit, boundless energy, immense goodwill, and burning desire to excel.

“Our thanks – and our love – to the people of Southwest Airlines for creating a marvelous family and wondrous airline.”

4. The Personal Touch. Having been in numerous corporate offices throughout the country, I typically see a few select, large professional photographs of serious-looking corporate executives and board members. It’s almost like their eyes follow you down the hall.

Like most things at Southwest, however, things are different at their corporate headquarters. Photographs of employees, their families, and even their pets covered hallway walls throughout the corporate office. One full-time employee frames and mounts photographs of employees and Southwest celebrations. Everywhere you look, you see the Southwest spirit manifest in bright eyes and smiling faces.

*“At Southwest Airlines,
we would rather have a company
bound by love than bound by fear.”*

Herb Kelleher, Chairman
Southwest Airlines

Some might dismiss this emphasis on the personal touch as frivolous. Take another look, however. By paying genuine attention to The Human Element, Southwest has enjoyed more than three consecutive decades of profitability, earned the most-favored airlines ranking by passengers, and earned placement in the top four corporate

rankings as the employer of choice. Does The Human Element count? You bet!

The Southwest Culture

“It’s not a job, it’s a crusade!” This Southwest slogan captures the essence of their strong culture. In the forward of *Nuts!*, Freiberg and Freiberg’s tantalizing book about Southwest Airlines, Tom Peters wrote about their culture:

“How has Southwest done all this? It’s not rocket science — keep costs low, productivity high, service positively outrageous, and black ink on the financial statement. Three extra special things I see: being crazy enough to follow an unorthodox vision, being courageous enough to allow people to have fun and be ‘real’ people who love and care at work, and being smart enough to recognize that their most valuable assets are their people and the culture they create. Southwest never forgets it is in the people business — the company just happens to operate an airline.”

At Southwest, development of the culture is not left up to chance. In each of the many cities in which Southwest operates, the airline has its own Culture Committee, and each seeks to capture and promote the coveted Southwest way of doing business. They carefully nurture and orchestrate their culture to produce sustainable and consistent results throughout the organization. Cultural development is clearly a fundamental responsibility of leadership at Southwest Airlines. And it pays off.

Building a Spirit of Partnership, an important part of the Southwest culture, is a way of both being and doing. When practiced with conscious intention, the intangible quality of partnership creates a climate of trust and open communication while generating significant bottom line results. Building that positive, trusting relationship with employees, vendors, and customers becomes an art form for the value-driven Southwest associates.

Even employer-union relationships at Southwest Airlines demonstrate a Spirit of Partnership. In a highly unionized environment (approximately 85% of the employees belong to one of several unions), one would expect significant employer-union conflict. Not so. In a “Southwest Airlines Culture Workshop” session I attended at the corporate office, Colleen Barrett, President & Chief Operating Officer, made it clear: “*The unions are our partners — we treat them like one of the family.*” Remarkable things happen when people co-create an environment of mutual respect.

When a “Spirit of Partnership” permeates the organization, people actively seek ways to enhance working relationships while producing even more effective bottom line results. Rather than competing against each other, associates channel their competitive spirit into being the best they can. This spirit produces extraordinary bottom-line results while contributing to an even more fulfilling working environment.

The “Warrior Spirit,” another key component of the Southwest culture, becomes one of their most effective resources when challenged by external forces. Instead of pulling apart under pressure, they pull together in taking on competitive challenges. Time and time again, the “Warrior Spirit” energizes

associates to successfully address major issues. This spirit is not an accident, but a deliberate result of ongoing cultural development efforts to foster “partnership” — from the very moment of hire to the many celebrations they conduct to honor employees. The Southwest Airlines culture epitomizes alignment between the company and the employees at the deepest level.

The Southwest Airlines way came into sharp focus when a group of visiting executives asked Colleen Barrett how the airline continued to produce such positive bottom line results year after year — particularly in a challenging economic environment. She responded: “Two things: First, we follow the Golden Rule and second, we are passionate about our mission.” Not satisfied with that response, the questions got tougher. “Yeah, but how do you do this?”

With great clarity and clear intention, Colleen again responded: “We follow the Golden Rule, and we are passionate about our mission.” Many of the visiting executives looked perplexed. At that point, I said to Colleen: “Every time you are asked a question about how Southwest Airlines does something, you respond coming from a place of being. You simply ‘be’ it!” She laughed and said: “I never thought of it in those terms, but that’s it — we ‘be’ it!”

***“Be the change
you want to see in the world.”***
Mahatma Gandhi

Colleen Barrett’s perspective on the “Warrior Spirit”

Some months after participating in the Southwest Airlines cultural workshop, I invited Colleen Barrett to submit a brief article describing the culture and “Warrior Spirit” of the airline. She generously responded with the following article that I trust you will find to be of high value:

“The culture of Southwest Airlines is characterized by a positive, can-do, intense Spirit — a ‘Warrior Spirit.’ We don’t do anything part way. We function at our very best when challenged. That’s the way it’s been from the very beginning. And it continues to shape who we are.”

“Even before we put our first airplane in the sky, we litigated for three and one-half years. The ‘Big Guys’ in the airline industry challenged our right to fly, and challenged our every move. They wanted to keep us grounded. But we had — and continue to have — a mission.”

“Herb Kelleher, our then founder and now Chairman, knew nothing about running an airline. But he knew a lot about justice, fair play, mission, and Spirit. Every roadblock the Big Guys threw up seemed to stir, then incite, a basic survival instinct within each of us in the early days. That awakening spirit became contagious and started to settle in with our troops. Instead of feeling depressed and defeated, our small group of Employees developed a ‘Fire in Their Belly.’ The Southwest Airlines ‘Warrior Spirit’ was born. On their own time, 200 Employees distributed flyers on the street corners, supported Herb in court, and took the initiative to develop their guerilla

fighting skills at every opportunity. They had a mission. They were determined to win. And nothing would stop them.

“The ‘Warrior Spirit’ developed out of necessity. We didn’t plan it — it was not someone’s great Leadership idea. It simply evolved from difficult circumstances. But we soon became aware of how important the Warrior Spirit is to our mission, our culture, and to our way of being. Incredible pride developed from our early accomplishments, and people learned how much they can achieve when they put their heart and soul into something that makes a positive difference. Early on, passion for our mission, following The Golden Rule, and ‘doing the right thing’ shaped the culture of Southwest Airlines. Paying attention to these basic beliefs continues to be our way. While we are far from perfect and continue to make mistakes, we are learning and growing together.

“Keeping the Warrior Spirit alive and kicking at Southwest Airlines is now a major Leadership and cultural priority. We encourage and nurture the Warrior Spirit. With pride, we internally share story after story about how our employees confront challenges, overcome obstacles, provide Positively Outrageous Service for Customers, and ‘do the right thing.’ We consider every Employee to be a Leader and we expect all Employees to give their best. Funny thing, they seem to consistently rise to that level of expectation.

“The Warrior Spirit shows up in many ways and continues to both distinguish us from other airlines and to be a source of pride. We fight

during the hard times and celebrate during the good times. Let me share a few examples:

“During the (first) Gulf War, fuel prices skyrocketed and challenged our fiscal viability. Confronted with the same problem, other airlines were already operating in the red and having to cut back. A Southwest cargo department Employee, on his own, took action to protect our Company during this difficult time. He put the word out among the other Employees that the company had always been there for them, now it was the Employees’ turn to be there for the company. He started a “Fuel From The Heart” movement, resulting in a large number of Southwest Employees voluntarily taking a payroll deduction to help pay for the rising fuel costs. We stayed in the black — and did not lay off any employees.

“When Midway Airlines pulled out of Chicago, we immediately flew a team of 20 Southwest employees to set up shop. By the next day (the next day!), Southwest Airlines had scheduled service out of our newly renovated gates — less than 24 hours after our competitor pulled out. We moved so quickly that the news media did not even have time to film us putting our signs up at the new gates. The television crews asked us to take our signs down and put them back up — just so they could ‘catch us in the act’ of starting service from there. We were too fast. We do everything in

record time. We have to be nimble like a cat. Were these new Midway gates in our master plan? No – we don’t even have a master plan! We operate from our mission. Did we form a committee to conduct a feasibility study before acting? No – we just did the right thing. We don’t want Employees bound by a bunch of rules – we want them to use their best judgment.

“Guided by our mission and fueled by our passion, we don’t back away from challenges – we welcome them. We get concerned, however, when we get so much publicity about our successes. Success is never final. Victory is never final. Every time we reach a higher level of performance, new challenges, new Customer expectations, and new technology give us a swift kick in the rear. We will always have to tap into our Warrior Spirit to make a great Company even greater.”

Application of the “Warrior Spirit”

The tragic terrorist attacks of September 11, 2001, had a particularly traumatic impact on the airline industry. Almost all of the US domestic airlines experienced major financial losses and were compelled to lay off more than a hundred thousand employees.

Southwest, consistent with its maverick spirit, handled the situation differently. As soon as Southwest employees could be gathered after the terrorist attack, they were asked: *“How do we keep you in a job and keep our airplanes flying?”* (Imagine for a moment that you were a Southwest employee, acutely aware that over 100,000 of your

colleagues from other airlines were out of a job, and you were asked that question.) The “Warrior Spirit” of Southwest’s employees kicked in with fierce loyalty and determination to keep the planes flying and to keep employees on the payroll. Many donated unpaid hours of work, some turned their tax rebates over to the company, and others volunteered to take over lawn care at the corporate headquarters. They pulled together once again to save enough money to keep its more than the 30,000-member family intact. According to CNN just a month after the attacks, *“Southwest Airlines managed to post a third quarter profit Thursday despite the September 11 terrorist attack, the only major airline that will end the period in the black.”* Additionally, business was so good for Southwest that they hired 3,400 new employees in the first quarter after September 11th And who did they hire? They retained the best of the best from those who had lost their jobs from other airlines.

Look carefully into your own organization. Are your teams competing or collaborating with one another? Are they building walls or bridges between departments? Are they polarized or functioning in a spirit of partnership? Is your culture generating cynicism or synergy? Are you sharpening your competitive edge by building peak performing teams that share a common mission, pursue an inspiring vision, and commit to class-act service of both their internal and external customers?

Southwest Airlines serves as both a role model and catalyst for Deliberate Success. Building great teams enables impressive results to be delivered. As a leader, your job, likewise, is to draw the very best out of others in achieving your shared vision. Now is the time.

"I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organization brings out the great energies and talents of its people."

Thomas J. Watson, Jr.
Former IBM Chief Executive

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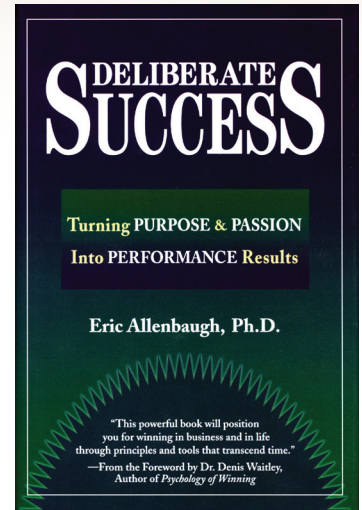
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