

Southwest Airlines from an organizational perspective

Southwest Airlines, one of the most successful airlines in the low-cost market segment, is a role model for many other low-cost airlines like Ryanair and Easyjet. But what is the secret behind the success of Southwest Airlines? Is it just the right company at the right time at the right place or is there something else? In this airline of the world report, we will look at five specific elements of Southwest Airlines' organisation: Strategy, Structure, Processes, Rewards, and People. These elements from the STAR-model of J.R. Galbraith can be a useful tool in designing organisations. First, a short overview of Southwest Airlines' history.

By Jurjan Knol

From Past to Present

In the 60's of the twentieth century, the domestic airline market in the United States was being deregulated and liberalised. As a result, every airline was now allowed to operate any route in the US for any price. One of the founders of Southwest Airlines, Herb Kelleher, considered these developments as a major opportunity to start an airline with a different kind of philosophy than the established carriers. His statement was: "If you can fly your passengers on time, and for the lowest possible fare to their destination, and if you make sure that they have a pleasant time on board, these passengers will keep coming back to you." And so, Southwest Airlines was born in 1971.

Today, Southwest Airlines is the fourth largest airline in the US. It flies 64 million passengers per year to 59 destinations across 30 states. Southwest Airlines operates a fleet of 388 aircraft of the Boeing 737 type, ranging from the 737-200 to the Next Generation 737-700. Although Southwest Airlines is mainly a point-to-point carrier, there is an increasing amount of transfer traffic on their routes. Major hubs in SWA's network include Las Vegas (185 daily departures), Phoenix (183), and Baltimore/Washington (161).

Strategy

The strategy of Southwest Airlines is expressed in their mission statement: "The mission of Southwest Airlines is

dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit." Furthermore, Southwest Airlines has a distinctive mission statement for their human resources management: "We are committed to provide our Employees a stable work environment with equal opportunity for learning and personal growth. Creativity and innovation are encouraged for improving the effectiveness of Southwest Airlines. Above all, Employees will be provided the same concern, and caring attitude within the organization that they are expected to share externally with every Southwest Customer."

On a business level, the goal of Southwest Airlines is to be a domestic airline operating direct flights on short-haul routes with a high frequency and with low fares.

The operational strategy is based on six pillars, namely 1) limited passenger service, 2) frequent, reliable departures, 3) short-haul, point-to-point routes between mid-sized cities and secondary airports, 4) very low ticket prices, 5) lean, heavily productive ground and gate crews, and 6) high aircraft utilization.

Last but not least, Southwest Airlines incorporated their "Customer Service Commitment" in their general conditions, so that passengers know what they can expect and which rights they have when they fly SWA.

Structure

The organization of Southwest Airlines can be described as functional, as with many other airlines. But from top to bottom, there are only three layers of management. According to the philosophy of Southwest Airlines, bureaucracy influences the entrepreneurial spirit in a negative way. From the start, Southwest Airlines has tried to keep the overhead as small as possible. As a result, many responsibilities are decentralized to the employees. To achieve this, the Southwest Airlines network could only grow by one or two destinations per year. At Southwest Airlines, job specialization doesn't go as far as with other airlines. For example, to reduce the turnaround time, pilots help to clean the aircraft. A number of values is considered as the



Southwest Airlines Boeing 737-317 at Los Angeles
Photo by Paul Paulsen - AirTeamImages

core of the organization, like quality, reliability, action, informal communication and feedback. Decisions regarding these topics are made by the management team of the organization.

Processes

Southwest Airlines has an open-door tradition. Herb Kelleher is known to stay in the bar until four in the morning with a mechanic to hear what he's got to say. Employees are stimulated to come up with ideas and they receive all the necessary support from their management to try out different things. A good example is the on-board safety demonstration, which has been turned into a complete act to attract the attention of the passengers. Through the "Walk a mile in my shoes" program, employees can voluntarily swap their jobs with a colleague in a different department one day. Information is considered to be of major importance for employees, so the management of Southwest Airlines is doing its very best to keep everybody informed on the latest news from the aviation industry. All results, financial as well as non-financial, are also available to all employees. The philosophy behind all this is that when you keep your employees informed, they are confident to make their own decisions and that is essential in a dynamic environment like the aviation industry. Another remarkable distinction of Southwest Airlines is their customer service. Southwest Airlines received around 1,000 letters weekly and they are all answered within a month. Kelleher believes that these letters are the best way to measure the performance of the company. Sometimes the flight schedules are even changed to meet the demands of the frequent flyers.

Rewards

Besides the usual package of secondary employment benefits, like free airline tickets, profit sharing, stocks, and insurance, and the "employee of the month" election, Southwest Airlines has another unusual way to pay attention to their workforce. In the lobby of SWA's corporate headquarters at Dallas Love Field airport, there is a big board with the following message from Kelleher: "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 spirits, boundless energy, immense goodwill, and burning desire to excel. Our thanks – and our love – to the people of Southwest Airlines for creating a marvellous family and a wondrous airline!" To create a real family spirit, all the corridors of all SWA buildings are full of pictures and memories of all the parties celebrated by the employees. Presents are sent to people who get sick, are having a baby, and so on. All this is done because the well-being of the employees comes first at Southwest Airlines.

People

Southwest Airlines has its own "University for People", where 25,000 new employees are trained every year. The selection criteria for recruitment are much more based on attitude than on knowledge. As a result, Southwest Airlines is now regarded as the friendliest airline in the US. Actually, SWA is more than an airline; it is a very close family. To preserve the common values of this family, a special "Culture Committee" was established in 1990. Its mission is to endorse the mission, vision, norms and values to all Southwest Airlines employees. As Kelleher says: "The culture committee is not made up of big shots, it is a committee of big hearts."

Conclusion

So what exactly is the secret behind the success of Southwest Airlines? Of course, economic factors are an important factor; Southwest Airlines has a very low cost structure. But that's not the competitive advantage SWA is looking for. The real magical trick seems to be the way SWA is able to motivate its employees, so they in turn can give the customers a better product. Three important factors can be identi-



Southwest Airlines Boeing 737-7H4 at Dallas – Love
Photo by Michael Huckstep, SWA Aircraft Mechanic (737doctor)

fied how SWA manages to keep the spirit high. First, the relationship between management and workforce. There is a real family relationship amongst the whole staff, so everybody feels very much involved and responsible. Second, the training at the "University for People" decreases hierarchical thinking because everybody gets the same basic training and everybody learns the culture and values of Southwest Airlines. As a result, employees feel very much respected and appreciated. Third, Herb Kelleher, one of the founders of Southwest Airlines and now chairman of the Board, is an important leader for the company. His vision, humour, and hands-on mentality are very inspiring for all employees at Southwest Airlines.

References

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Southwest Airlines Boeing 737-3H4 departing Las Vegas
Photo by Sam Chui (<http://www.samchuiphotos.com/>)