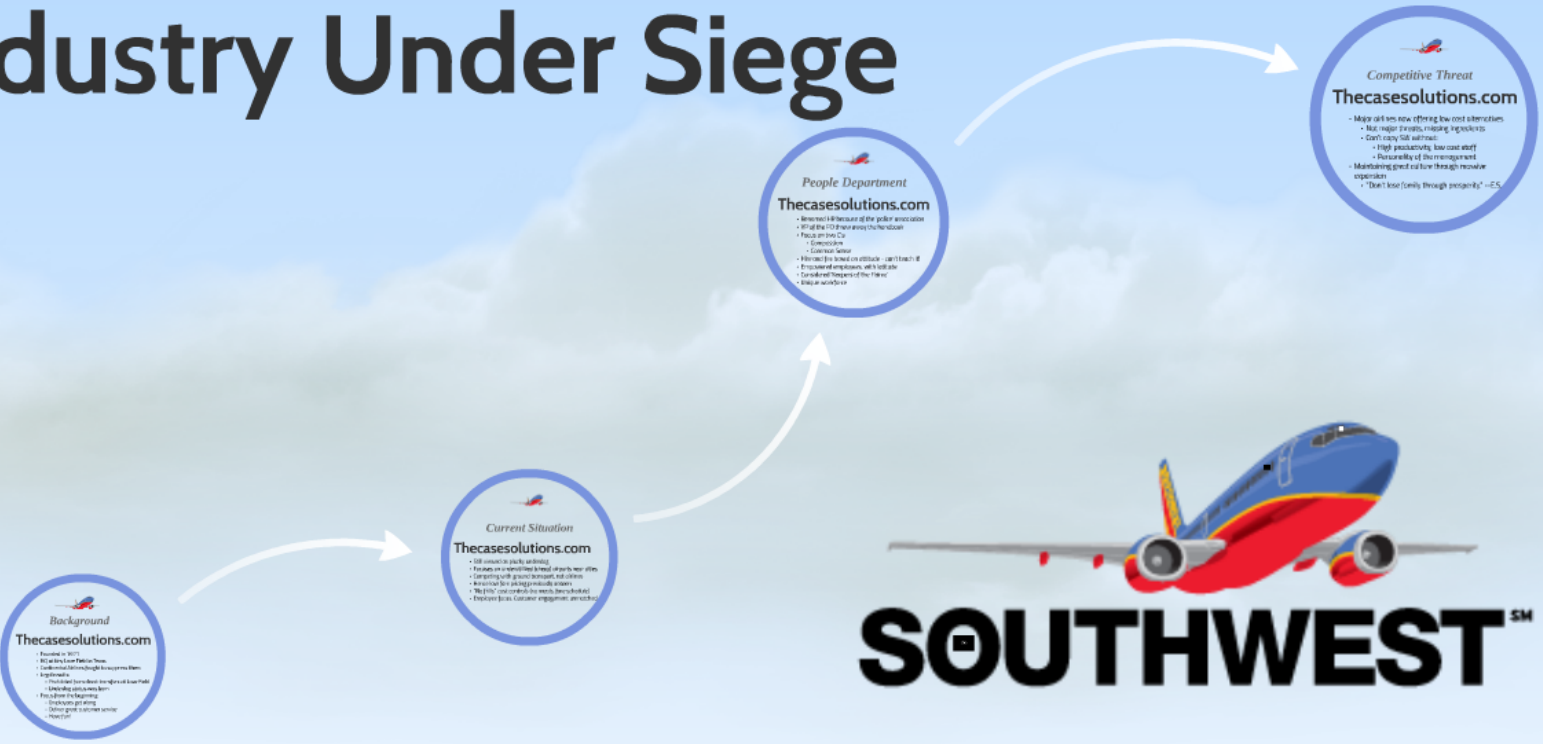
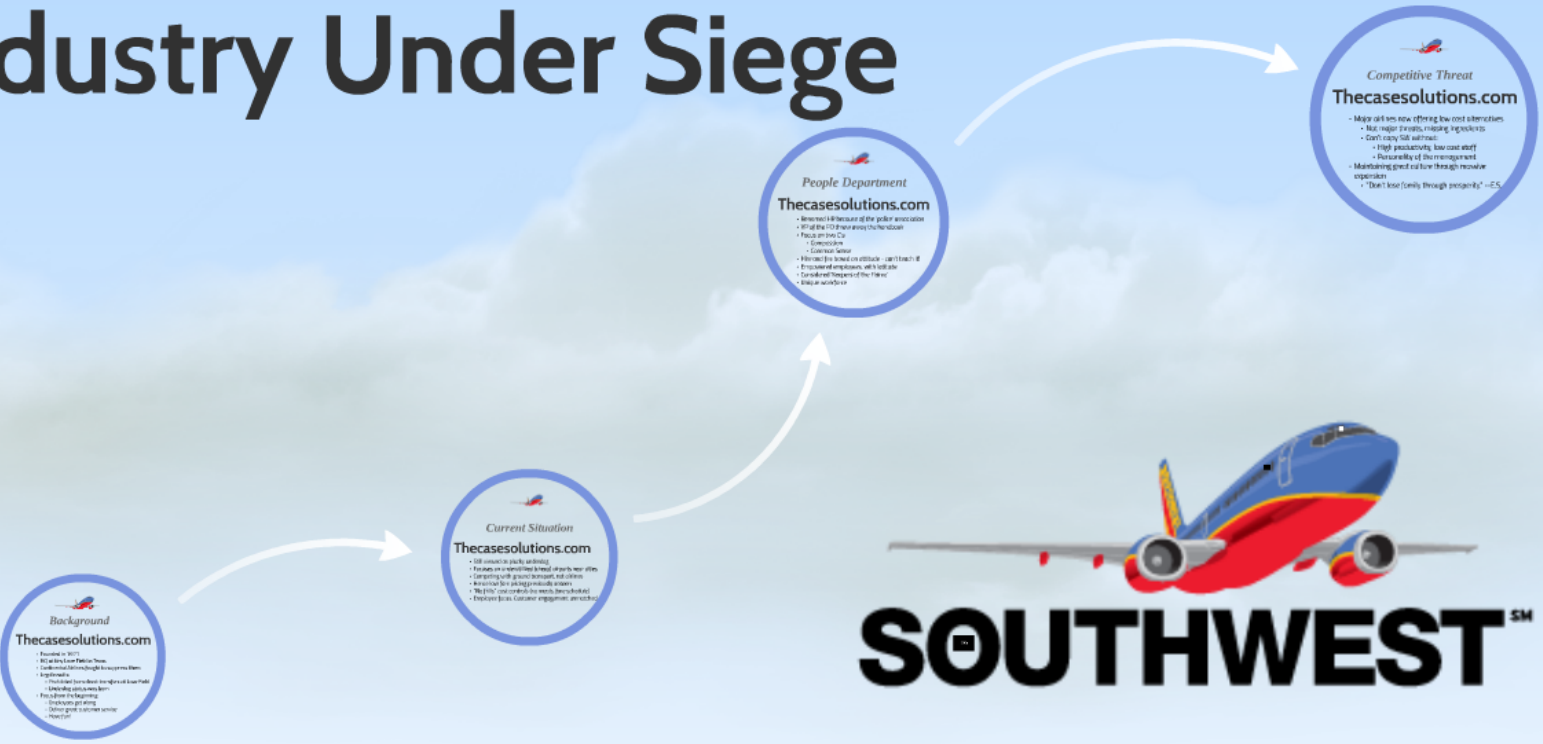


Southwest Airlines 2002: An Industry Under Siege



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Background

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- Founded in 1971
- HQ at tiny Love Field in Texas
- Continental Airlines fought to suppress them
- Legal results:
 - Prohibited from direct transfers at Love Field
 - Underdog status was born
- Focus from the beginning:
 - Employees get along
 - Deliver great customer service
 - Have fun!



Current Situation

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- Still viewed as plucky underdog
- Focuses on underutilized (cheap) airports near cities
- Competing with ground transport, not airlines
- Hence low fare pricing previously unseen
- "No frills" cost controls (no meals, fare schedule)
- Employee focus, Customer engagement unmatched

*Employee Success
Factors*

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- Psychological Contract
 - Enjoy their job, company success
- Employee Engagement
 - Self-starting co. representation

Customer Success Factors

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- Extreme Customer Focus
 - "Customer" is always capitalized!
- Employee-Customer Comfort
 - Comfortable place to work =
 - Better customer service
- FUN!
 - It turns out, people like it...



People Department

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- Renamed HR because of the 'police' association
- VP of the PD threw away the handbook
- Focus on two C's:
 - Compassion
 - Common Sense
- Hire and fire based on attitude - can't teach it!
- Empowered employees, with latitude
- Considered 'Keepers of the Flame'
- Unique workforce



*Compassion at
Southwest*

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- Stories everywhere on the internet:
 - Man will propose, flight attendant teaches intercom and grabs (free) champagne
 - Pilot waits for man en route to see dying grandson for the last time
 - Flight attendant invites 87-yo woman to stay at her home instead of a hotel after missed connection



Competitive Threat

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- Major airlines now offering low cost alternatives
 - Not major threats, missing ingredients
 - Can't copy SW without:
 - High productivity, low cost staff
 - Personality of the management
- Maintaining great culture through massive expansion
 - "Don't lose family through prosperity." --E.S.