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Southwest Airlines

Today I am going to speak with you a good bit about Southwest Airlines. I'll tell you up front that I am not a stockholder of Southwest. Nor am I a big frequent flyer. I am going to share with you about Southwest Airlines because I have been quite intrigued with the company for some time. And I will be honest with you much of that intrigue has purely to do with its financial success. 2014 is looking to be the 42nd year in a row that Southwest airlines will have ended in the black, and this year may be the most profitable year in its history. This kind of track record is impressive in any industry, but it is incredibly impressive when one considers the track record of the airline industry as a whole. The airline industry, I have read, is one of the few industries where the cumulative historical profits are negative. That means that when you consider the profitable run of Southwest Airlines it is not only impressive, it is impressive against a backdrop of considerable failure.

Now, when I see this kind of success relative to other like companies, the question I ask is why. What makes them stand out and perform so much better? Of course, success often involves a multiplicity of factors, but considering the long-term success of Southwest, there must be some enduring underlying trait or behavior or culture that fuels what it does. And I believe there is. What I think makes Southwest airlines so different and so profitable is their upside-down organizational focus. Let me explain.

If you take a look at most companies you will find that their emphasis is on such aims as customer service, development of innovative, excellent, or affordable products, or simply on the bottom line of market share, profits, and shareholder return. Of course, Southwest Airlines is interested in all these things. But their interest in them is not what makes them stand out, since these are things that interest many companies. No, it seems to me that what makes Southwest different is not its focus on customer service, or the quality of its fleet, or its concern for shareholders. Rather what makes it different is its concern for its own employees. Southwest Airlines believes that if the

employees of Southwest Airlines do not look out for each other from the top down, they believe they will not look out for the best interest of the eventual customer. In other words, rather than focusing first on profit, or on their product, or even their customer service, they focus on treating each other well.

Let me give an example of this care. Southwest Airlines has an Internal Customer Care Team. This team does not attend to those who buy tickets on one of their flights; this team attends solely to the employees. They keep track of every employee's birthday, the birth of children, major events in their employee's lives, such as graduations and anniversary's and send out over 100,000 cards a year often times with little gifts. Several thousand of them are hand written by the officers of the company. And this effort is not a gimmick, it's the culture they have created. They are careful and intentional of celebrating success both personal and business related for each other their employees. They are also intentional in standing with them at times of loss.

In fact as a sign of this emphasis on caring well for one another, Southwest Airlines has just unveiled the new cosmetic scheme for their planes, and on the underbelly they have put a heart, because they know that while it is the part of the plane most people don't see, their heart for one another is essential to who they are.

I love the story of what happened when one of their line mechanics, Roger Elliott, died of cancer. His body was to be flown from Dallas to Detroit to be buried near his hometown. The morning of the flight a fellow mechanic came into Southwest's corporate headquarters near Love Field in Dallas and asked if he could miss a meeting to pay tribute to Roger by standing next to the airport fence when the plane left. His request was not only granted, but a whole team at headquarters including the President of Southwest went outside and stood by the fence. They expected to be there for a few minutes paying their respects, but the flight was delayed because of a thunderstorm in a connecting city. And so the staff stood at the fence for 45 minutes. Some of the employees started singing Amazing Grace and crying, even though he was "just" a line mechanic.

Little did they know that on that plane were some of Roger's family. They looked out of the plane, at those standing at the fence. They could not hear the singing, but they knew what was happening. They could feel the love that Southwest has for its employees. And if you take a look at Roger's obituary you will see that listed among all those who survived him including his wife and children, and brothers and sisters, are "all of his Southwest Airlines family who showed him their LUV."

Now, this is not just one isolated story. Southwest Airlines has developed such a culture of caring for their employees that their turnover rate is less than 5% per year, about a 1/3 of the industry average. And people often wait for years to become part of the Southwest team. The devotion to one another at Southwest is such that it has resulted in such crazy acts as the employees voluntarily donating part of their salary to help the company during periods of high fuel cost.

Now, the result of making employee care their top priority, is pretty simple. Their employees turn around and give the industry's best customer service. Over the last 20 years, Southwest has ranked no lower than second for customer service, and for 17 of those years they ranked number one. I don't have time to share with you stories about the personal ways they have cared for their customers, but many of them are quite touching.

And what has been the result of the great customer service? Annual profits and remarkable shareholder return averaging 23% per year since 1990.

So it seems to me that Southwest's upside model of putting employee care as their top priority has worked. Whereas others have focused first on the bottom line or perhaps on customers, Southwest has focused on caring for employees and the customer and the investors have been served well too.

So what's my point with all of this about Southwest? Is it to get you to fly with them? No, I have no vested interest in that. Is it to have your company or your business unit do similarly? Yes, probably, just as we at this church should operate in a similar manner by treating those who are employed with us or who are volunteering with us in caring,

supportive ways. But I want to extend Southwest's upside-down emphasis beyond the organizational environment.

You see, it seems to me that the upside emphasis of Southwest should not just take place in our organizations, it should take place in our personal lives as well, towards those we love the most, towards those with whom we spend the most time. Because I think if we are honest we are prone to treat those we spend the most time worse than even a one-time customer. Suppose you have guests at your home. They leave the house but just after they leave you notice they've left a coat. You grab it quickly, then run outside and kindly give it to its owner. You do not say, "You idiot, can't you keep track of your stuff. When are you going to learn to be responsible?" And yet, this is what we hear a mother yell to a child, or a husband to a wife. This is what I have even heard myself say. Something is wrong with that, wouldn't you say? We have gotten the cart before the horse. We have focused on results and not the person. We have forgotten the words of Jesus about loving our neighbor, which includes those closest to us.

If we want the best from those around us, it does not begin by focusing on profits, or grades, or wins or sales, it begins by loving people well. It begins by caring for those whom we share life with, either in the workplace or in the home. And it seems that when we do that, we put ourselves and others in the best place for success.

Much of the information for this talk was taken from Ken Blanchard and Colleen Barrett's book, *Lead with Luv: A Different Way to Create Real Success*.