

THE SOUTHWEST AIRLINES WAY

Using the Power of Relationships
to Achieve High Performance

JODY GITTELL

JODY GITTELL is an assistant professor at Brandeis University. Dr. Gittel is also a faculty member of the MIT Global Airline Industry Program. Her area of specialization is in human resources and service operations management. Dr. Gittel is a frequent speaker at airline industry conferences.

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MAIN IDEA

By any measure, Southwest Airlines has been the standout success story of the U.S. airline industry. Among its accomplishments:

- In a highly volatile industry, Southwest has been profitable every year except for the year in which it was established. That means by 2003, Southwest has been profitable for 31 years.
- For most of 2002, Southwest's \$9 billion market capitalization has exceeded the combined market capitalization of every other U.S. airline.
- Southwest rates consistently high in *Fortune* Magazine's "100 Best Companies to Work For in America" and from 1992 to 1996 also won the airline industry's "Triple Crown" – the fewest delays, complaints and mishandled bags.

Clearly, Southwest is doing something right. Most attempts to copy Southwest have focused solely on operational issues:

- Flying just one aircraft type – to cut down on training and maintenance costs.
- Using smaller, less congested airports – to avoid schedule disruptions caused by multiple aircraft demands.
- Eliminating meal service and seating assignments – to allow aircraft to be turned around more rapidly.

Despite following these same strategies, however, no other airline has yet been able to successfully clone Southwest's success. What's missing is the "secret sauce" Southwest uses to make all these operational factors come together effectively and efficiently.

Lying at the heart of the Southwest success story are three elements:

1. 10 organizational practices which build relationships between managers and frontline employees and among employees.
2. An environment which emphasizes shared goals, shared knowledge and mutual respect.
3. Sound communication techniques which are frequent, timely and focused on solving problems.



Note especially the fact all ten of these organizational relationships are highly complementary. They only generate benefits when all ten are present and well implemented. They work in unison rather than in isolation. It is not until all ten are present that substantial benefits can be realized. This, in turn, generates both good news and bad news. The good news is any company which follows the lead of Southwest and builds strong organizational relationships can achieve great success. The bad news is this isn't easy – it will require making changes on multiple fronts simultaneously to achieve it. The results, however, as in the case of Southwest Airlines, can be impressive and long-lasting.

"Far from being a pie-in-the-sky, soft approach to management, attention to relationships is simply good management practice. The 'Southwest Airlines Way' involves more than pursuing a particular product marketing strategy. For Southwest's leaders, taking care of business literally means taking care of relationships. They see these relationships – with their employees, among their employees, and with outside parties – as the foundation of competitive advantage, through good times and bad. They see the quality of these relationships not as a success factor, but as the most essential success factor. They believe that to develop the company, they must continually invest in these relationships."

– Jody Gittel

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1. 10 Organizational Relationships

Southwest Airlines has used these ten relationships to generate extraordinary performance. Each of these practices reinforce the others so the total effect of all these relationships combined is greater than the sum of each individual part. Any organization can improve the quality and efficiency of its performance by adapting these relationships to its own specific requirements.

10 Organizational Relationships

1 Outstanding business leadership

While it's true every organization would like to have a charismatic leader, that isn't necessarily a prerequisite to success. Good and effective business leaders must have:

- Credibility – the ability to inspire trust in their workers.
- Empathy – caring deeply for the well-being of the employees.

A business leader will develop credibility over time rather than all at once. Once there is a long history of “telling it straight” and being up-front with employees, then they will start believing you will do the same in the future. Credibility is built up one episode at a time over an extended period, but it can be dissipated in an instant if bad judgement is exercised in an attempt to deceive the employees. Southwest's high profile former CEO, Herb Kelleher, exemplified credibility with the Southwest employees because he had a long and unbroken history of always telling things like they were, without sugar coating. As a result, Kelleher had a very high degree of credibility within the organization.

As desirable as credibility is, it is not by itself sufficient. Outstanding business leaders also find ways to demonstrate conclusively they care about the well-being of their people individually. At Southwest, this is demonstrated by the fact the company has a no layoff record which they have maintained even in the face of the dramatic ebbs and flows of the airline industry. It is also well known that Kelleher and COO Colleen Barrett are happy to be approached by Southwest employees who need help in dealing with their personal problems. Not only do they listen but Kelleher and Barrett get hands-on involvement in helping people deal with their problems. They are perfectly happy to cross the boundaries of the organizational chart to find effective ways to help their people out. In this way, they demonstrate they care on an everyday basis rather than just when crises roll around.

“I can call Herb today. You don't just call and say there's a problem. He'll say, 'think about it and tell me the solution you think will work'. He has an open door policy. I can call him almost 24 hours a day. If it's an emergency, he will call back in 15 minutes. He is one of the inspirations for this company. He's the guiding light. He listens to everybody. He's unbelievable when it comes to personal etiquette. If you've got a problem, he cares.”

– Pilot, Southwest Airlines

“Relationship focus as a way of doing business not only can drive growth and profitability, it can sustain them through crises and through ups and downs in the business cycle. It can help organizations adapt to the turbulence of today's business world.”

– Jody Gittell

10 Organizational Relationships

2 Invest in the front-line leaders

Leaders and supervisors are critical to the success of any organization because they work side-by-side with other employees. They impact directly on the quality and efficiency of everything that gets done. To build good frontline leaders:

- Have enough leaders so they can work with individuals.
- Teach the leaders how to provide coaching and feedback.

At Southwest Airlines, leadership is a distributed process. The senior management team is well known in the public arena, but most of the real work gets carried out by the supervisors who work on a daily basis with the frontline employees. Southwest actually has more supervisors per frontline employee than all other airlines, and the company excels at training these supervisors to provide leadership on day-to-day issues. Specifically, Southwest's supervisors provide the bulk of the company's coaching and counseling.

This is possible because at Southwest:

- There is one supervisor for every 10 to 12 frontline people.
- The supervisors act as “player coaches” in that they have managerial responsibility but they also perform the same tasks as the frontline employees.
- Since the supervisors work alongside the employees, they have a high degree of credibility and influence.
- Most coaching takes the form of problem solving and providing advice rather than disciplining mistakes.
- Supervisors are provided with leadership training so they know how to go about their responsibilities. They start out as supervisors-in-training, next become functioning supervisors and then continue to receive ongoing and regular in-service training sessions.

“Higher levels of supervisory staffing lead to improved performance in many settings other than the airline industry. In new product development, groups in which frontline supervisors play a significant role have been found to perform better than groups with greater autonomy from supervisors. Even in manufacturing, higher supervisory staffing levels permit 'more intimate and informal' relationships to develop between supervisors and frontline workers, setting the context within which shared goals can be developed.”

– Jody Gittell

“The most influential leaders in our company – aside from Herb – are the frontline supervisors.”

- Donna Conover, executive vice president of customers, Southwest Airlines

“With higher staffing levels, supervisors can add value by building strong relationships with frontline employees. They are more available for coaching and feedback, have more opportunity to interact with individual subordinates, and have more time to provide support, encouragement and recognition to individual subordinates. With lower staffing levels, by contrast, supervisors are more likely to make autocratic decisions and to handle problems with subordinates in a more formalized, impersonal matter, using warnings and punishments instead of coaching and feedback.”

– Jody Gittell

10 Organizational Relationships

3 Hire and train for relationship excellence

Southwest makes a deliberate and conscious effort to hire people who are good at working in a team. The organization then works hard at enhancing those team building skills by giving them training for relational competence.

In some businesses, there is a deliberate attempt to attract and retain the high performers or superstars. Southwest doesn't even attempt to recruit the elite. Instead, preference when hiring is given to new people who will be able to integrate smoothly with other members on a team. There is a deliberate attempt to find people with the right attitudes first, and then provide them with the skills and experience they will need to excel.

Interestingly and uniquely, Southwest's hiring priorities extend not just to the customer service people but also to mechanics and pilots, two groups of people who are usually hired solely for their technical skills. To increase the probability of hiring the right people, the recruitment process at Southwest:

- *Allows a trial employment period before a long-term commitment is made* – to allow both Southwest and the new hire to learn more about each other before making a final decision about employment.
- *Involves ongoing training* – so the new hire has a realistic opportunity to build functional expertise and team-work competence. This training will be a mix of:
 - Classroom work – for the first week or two.
 - On-the-job training from a supervisor – two to three weeks.
 - Mentoring – by an experienced person.
 - Regular periodic sessions with the training coordinator.
- *Focuses on the overall work process* – so new hires get to understand where they fit and how their job impacts on the way others in the organization can do theirs.
- *Incorporates regular job exchanges* – to become familiar with what happens at other departments.
- *Stresses internal promotion as the preferred way to fill management positions* – since that sends all the right signals to the rank and file employees.

"Increasingly, jobs require not only functional expertise but also relational competence – the ability to interact with others to accomplish common goals. Indeed, people who perform jobs that require high levels of functional expertise also tend to need high levels of relational competence to integrate their work with the work of fellow employees. Organizations like Southwest Airlines that recognize the importance of relational competence, look diligently for employees who have it, then develop it to even higher levels through training, will have a distinct performance advantage over organizations that do not."

– Jody Gittel

"Something we look at is people who are very team oriented from prior work experiences. We get a feel for people who will go above and beyond. We spend more money to recruit and train than any of the other airlines do. We take the time to find the right people to hire, at all levels within our organization, and we spend time training them. We really believe in the notion of 'one bad apple'. It's like a religion here. As a result, our turnover is far less than it is at other airlines."

– Libby Saratin, former vice president of people, Southwest

10 Organizational Relationships

4 Use conflicts to build relationships.

Conflicts are a fact of life. Instead of viewing conflicts as a destructive force, Southwest uses them constructively to build relationships and improve performance. The company is very proactive in identifying and resolving conflicts.

To resolve conflicts, Southwest has a well defined process:

1. The parties themselves are encouraged to use every means available to resolve the conflict themselves first. If that's not possible, managers are expected to take an active role in developing a solution which will be suitable.
2. An information gathering meeting is held, at which both sides of the conflict put forward their perspectives on the issues involved. Many times, conflicts sort themselves out at this stage mainly because better communication is achieved.
3. If the conflict is still unresolved, the managers hold what is called unofficially a "Come to Jesus" meeting. This is a face-to-face meeting which takes an entire day. By the end of this meeting, most problems have been able to be resolved because of the dialogue that takes place between the parties and the managers.

The overall process sounds simple, but when well implemented, conflict resolution becomes more of a team building exercise and less of a source of destructive energy. Note that Southwest takes a proactive approach to resolving disputes, and never leaves these conflicts and differences as background issues which should be ignored. Instead, the company works on the premise conflicts will naturally arise from time to time – particularly given the pressures of the flight schedule an airline works to. By using these conflicts productively as opportunities for learning, Southwest strengthens relationships between groups of employees, shares knowledge and fosters mutual respect between different teams within the company.

"We have worked for years to get to this point. We have a very heated, potentially dangerous operation on the ramp. There is a lot of stress when the plane is on the ground. Inevitably some conflict will arise. If something happens out of the ordinary, if you feel someone didn't handle something correctly, you fill out a report. We got so many reports after a while we added a line. 'If it involved a Southwest employee, have you discussed it with him or her?' If we got a form where the answer was no, we would call and say, why don't you all have a chat? The local managers will help get the people together. When the senior managers get the final report, we decide if a 'Come to Jesus' meeting is needed. We tell them this is not a disciplinary meeting. We are just moderators, the focus is on the employees."

– Colleen Barret, COO, Southwest Airlines

"Organizations should proactively seek out conflicts rather than allowing them to fester. Then managers should bring the parties together to better understand each other's perspective. If organizations do not identify and resolve cross-functional conflicts, those conflicts will weaken critical relationships of shared goals, shared knowledge, and mutual respect. When managers treat cross-functional conflict as an occasion for learning, they strengthen relationships between employees and boost performance of the work processes in which those employees are engaged."

– Jody Gittel

10 Organizational Relationships

5 Bridge the work-family divide

The Southwest work environment is structured in many ways like a big extended family. Because people share common goals and exchange knowledge freely in an atmosphere of trust and mutual respect, there is a strong bond that forms. This is good because it brings more energy into the workplace.

"We try to allow our people to be themselves and not have to surrender their personality when they arrive at Southwest."

– Herb Kelleher

Southwest is famous for allowing its people to inject their own personalities into their roles. However, rather than being funky or trendy, this is actually a deliberate effort to increase the quality of the work that gets done. Southwest employees are encouraged to form good friendships with the people they work with blurring the boundaries between work and life. That way, Southwest employees identify strongly with the company and think of it as an extension of their own families.

So how does Southwest bridge the gap between what a person does at work and what they do in their own private time?

- *As mentioned, people are encouraged to be themselves* – which allows them to personalize the way they go about their duties and responsibilities.
- *Southwest has a "Catastrophic Fund"* – which any employee can access in times of personal pain and triumph. By not only recognizing the needs of the employee but doing something tangible to help, Southwest employees feel the organization can be depended on.
- *Every Southwest station has its own "Culture Committee"* – who meet monthly to plan social events (at which Southwest employees get to know each other) and charitable events (in which the company gives something back to the community). By creating these events, the Southwest culture is further strengthened while at the same time some good community causes receive backing.
- *Southwest allows and encourages shift trading* – allowing employees to vary their schedules so they can meet other family obligations. In this way, the company demonstrates that work should not overwhelm or supercede family and community relationships.

"People at Southwest care about one another's families. We recognize births and deaths. We help in times of tragedy. You do not see these things at other airlines. We hire people who have worked for other airlines who say they never received anything at home from their former employers, that they were never acknowledged in a personal way."

– Libby Sartain, former vice president of people,
Southwest Airlines

"The energy and learning that employees gain from building strong family and community ties can be brought into the workplace and leveraged to achieve stronger working relationships and better organizational performance. Organizations should therefore be vigilant to ensure that relationships at work do not overwhelm and undermine the family and community relationships that are needed to sustain strong working relationships."

– Jody Gittel

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6 Create positions that span boundaries

Boundary spanners are people who bring together information from different operating units of the business. A good boundary spanner will help to build relationships between different parts of the organization around common goals and mutual respect so the organization will operate more cohesively.

Most companies use information technology as a platform for sharing information from one business unit to another. Southwest takes the opposite approach. It has strengthened the role of on-site operations agents who are responsible for turning around each Southwest flight as rapidly as possible. In addition, Southwest's operations agents handle just one flight turnaround at a time as opposed to the operations agents at other airlines who might each be responsible for three to fifteen flights at any one time.

Boundary spanners are good because:

- *They tend to take a more holistic perspective* – whereas people closely involved in running one or another function rarely have the time to stop and consider the bigger picture. Boundary spanners can share that broader viewpoint to help others work more effectively.
- *They build relationships across boundaries* – meaning there will be a broader sense of shared identity and shared vision between parties whose interests may not always mesh together. As a result, collective actions become more effective.
- *They play a key social role* – since they represent the point at which the efforts of one unit or department mesh with those of other units or departments. By having a real live person in this role rather than a computer, there is the opportunity for relationships to grow and be strengthened. In effect, the boundary spanner puts a human face on the combined work of both teams.
- *They provide flexibility* – in that if one team has a temporary work impediment, the boundary spanner can suggest ways in which other parts of the business may be able to compensate.

"Boundary spanners play a critical role in coordinating work processes, but the boundary spanner is most effective when the position is conceived to be more than an automatable conduit for information exchange. When the boundary spanner role is generously staffed, the boundary spanner can develop a web of relationships of shared goals, shared knowledge and mutual respect across functional boundaries. Coordination that occurs within this web of relationships is more effective and leads to improved performance of the flight departure process."

– Jody Gittel

"Though information technology can be a facilitator, it is not expected to be an effective substitute. The loss of social interaction weakens relationships and weakens critical performance parameters. These limitations on the effective use of information technology exist because coordination is not simply about the transfer of information. Instead, coordination requires the construction of shared meaning in order to facilitate collective action. As we see at Southwest Airlines, boundary spanners can play this role, building relationships of shared goals, shared knowledge and mutual respect."

– Jody Gittel

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7 Use broad performance metrics

Some firms spend more time analyzing which department is at fault when problems occur than they do on trying to fix the problem itself. Southwest avoids this by measuring performance broadly. That way, when things go wrong, there is more of a desire to learn how to avoid a repeat of the problem in the future than there is to apportion blame.

The key to running an airline profitably is to avoid delays with turning around planes. At most airlines, whenever a delay occurs, they analyze whether it was caused by the refuellers, the baggage handlers, the ramp agents or another functional department. As a result, it is common practice for each of these functional teams to rush to finish their tasks so they won't get the blame for any delays. This can, at times, be counterproductive because:

- If the teams had cooperated together more closely, the speed and quality of the total work performed may have been improved instead of having one group finish early and wait for the others to catch up.
- Loads of time and effort will be squandered pointing the finger and blaming other departments or units.
- There is no incentive to share information. Therefore, the problem does not become a learning exercise on what to avoid in the future.

With this in mind, Southwest takes a different approach. Delays are recorded as "team delays". By being less precise about the cause of the delay and measuring performance by the metrics which matter to customers, Southwest puts more emphasis on learning how to avoid a repeat in the future than on accountability.

Southwest also does the same in its relationship between field units and headquarters. There is a good deal of two-way communication occurring, which allows the lessons learned in one station to be communicated to other stations. Other than that, however, station managers are given free reign to do whatever works best. By avoiding too much detail in performance measures, the overall system works much better.

"You can get to the point where you saturate yourselves with information, and you get paralyzed. We have more interest in broader categories, rather than analyzing and assessing blame. It's easier to adjust with broader categories. Maintenance could come up with 50 categories of flight delays, if they wanted to. But you end up chasing your tail."

– Jim Wimberley, executive vice president of operations,
Southwest Airlines

"Preoccupation with functional accountability leads to blaming, which in turn causes information to be distorted or to go underground. Because organizations need to use mistakes as a basis for learning, they should not rely on functional performance evaluation. Traditional measurement systems are flawed because they orient employee attention toward functional rather than cross-functional outcomes and because they provide inadequate information for learning. Traditional performance measurements undermine performance because they weaken relationships of shared goals, shared knowledge and mutual respect."

– Jody Gittel

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8 Have highly flexible job descriptions

Well-defined job descriptions are too static for a dynamic and evolving economy. Instead, at Southwest everyone's job description is clear and specific but there is an added requirement that each employee is expected to "do whatever is needed to enhance the overall operation – even if that means helping out with a different type of job as required".

Southwest is legendary for having pilots who are willing to help load luggage if that's what it takes to get away on time. This is indicative of the flexible job boundaries which exist throughout the entire company where anyone is willing to pitch in wherever required. Herb Kelleher was an excellent role model in this regard as well since he often pitched in to help ground staff when visiting different ground stations.

Why is such exemplary job flexibility so rare when it clearly has the potential to generate significant performance benefits?

- Most employees tend to use their job descriptions as a defense mechanism against work overload.
- Some employees like job descriptions because they prevent their managers assigning them tasks arbitrarily.
- By limiting areas of responsibility, employees can specialize and develop expertise.
- Unions use job descriptions to protect the pool of available positions.

By having clearly defined job descriptions but including the stipulation each employee is expected to do whatever is necessary to make the operation successful, Southwest encourages its employees to stay focused on what the organization is trying to accomplish. It also has the added benefit of reducing status barriers between jobs and helping to foster strong relationships between employees.

Note, however, flexible job descriptions cannot exist in isolation. If the management of a company were to attempt to introduce this practice without all the other practices Southwest uses, employees would most likely resist the initiative. For example, if performance is measured and detailed by department rather than the results of the overall process, there is little incentive for the workers in one business unit to help another. Flexible job descriptions work and make sense only if other supporting elements are in place.

"Flexible jobs tend to get a lot of attention in the airline industry, relative to other organizational practices that are also important for achieving coordination. This attention is warranted not because flexible jobs are more important than the other practices, but rather because flexible jobs are one of the hardest to achieve, given the two-way negotiations and the high levels of trust required to achieve them. As Southwest's leaders pointed out on several occasions, flexible jobs are not simply achieved once and for all. Flexible jobs are an outcome of negotiations that occur repeatedly over time. Every time a contract is negotiated, the flexibility of Southwest's jobs is at stake."

– Jody Gittel

"At Southwest, we manage in good times as though we were in bad times."

– Herb Kelleher, chairman of the board, Southwest Airlines

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9 Partner with the unions

Most people assume Southwest has no unions because of its flexible job descriptions. In fact, Southwest is actually the most highly unionized U.S. airline. The difference is that Southwest treats its unions as partners rather than adversaries.

As in most areas of business, Southwest has its own approach when it comes to dealing with unions. In essence, Southwest does three key things:

1. *Southwest accepts the unions as legitimate representatives of employees and as valued partners in the organization.* Doing this removes the traditional anti-union bias which is the first major hurdle to good relations. By accepting whichever unions the employees choose to align themselves with, the Southwest management team demonstrate they trust the employee's judgement.
2. *Southwest expects the unions to have an intense loyalty to the company and a feeling of ownership.* Therefore, when negotiating with the unions, there is an anticipation they will act reasonably. Due to the fact Southwest employees have chosen to belong to six different unions, there is anticipation the other unions will help ensure none of their number make excessive demands.
3. *Southwest treats the unions as full partners, not like some albatross hanging around their organization's neck.* From that perspective, Southwest supplies each union with accurate information so negotiations can move forward in the bright light of day rather than in an environment of mistrust and confusion.

As a result, Southwest has exceptional labor relations. There has only ever been one six-day strike in the company's history. As proof of the benefits of the Southwest approach to labor relations, when one union attempted to make outrageous demands, the Southwest management did not need to respond. Instead, the other unions who partner with Southwest sent the message they were not prepared to stand by and let one union ruin what they had all worked so hard to build.

"Our goal is to keep productivity high, keep the business model in place. I go to Herb (now chairman of the board) before the union negotiations, then I put as much money on the table as I can, right at the start. There is not always harmony, but we know our employees at Southwest have realistic expectations. I would say there are different degrees of harmony. Most labor disputes are not really about money. There is something else – respect. It comes down to personal contact between the company and its employees."

– Jim Parker, CEO, Southwest Airlines

"We treat all as family, including outside union representatives. We walk into the room not as adversaries but as working on something together. Our attitude is that we should both do what's good for the company. Unions have their constituency, their customer base. We respect that. We have a great relationship with the Teamsters and they have a reputation for being tough negotiators. We try to stress with everybody that we are really like partnerships."

– Colleen Barrett, COO, Southwest Airlines

10 Organizational Relationships

10 Build the supplier relationships

Southwest does not follow industry practice and form alliances with other airlines. Instead, the company works closely with its suppliers – an aircraft manufacturer, airport authorities and air traffic control – to form partnerships which deliver tangible benefits for both sides. Plus, Southwest works very hard to keep its suppliers in the loop.

The traditional approach to supplier relations is to play one off against the other to try and get a better deal. Most companies also try and avoid relying too much on any one supplier so they don't have the upper hand when negotiating. Southwest Airlines turns this approach on its head by forming long-term and close working relationships with its main suppliers.

The advantages of Southwest's approach in this area are:

- *Each company – Southwest and its suppliers – can focus on what they do best – meaning the partnership ends up generating better outcomes than would have been achieved by working independently.*
- *Southwest extends its sphere of influence – beyond its own company boundaries and into its entire value chain.*
- *Problems can be solved jointly – allowing Southwest to benefit from the expertise of its supplier partners.*
- *New opportunities can be responded to quickly – using the assets of not only Southwest but also its suppliers.*
- *Joint new business initiatives can be developed – which harness the vision of more than a single organization.*

The key to making this work is the quality of Southwest's own organizational relationships. If Southwest didn't have strong internal relationships in place and leaders with a high degree of credibility, it would be very difficult to effectively form partnerships with key suppliers. Those strong internal relationships will also dissipate any "us-versus-them" feelings which may stand in the way of partnering with suppliers.

"With Boeing, it's like with everyone else. We try to make them understand that what's good for us is good for them. When you are the launch customer for an aircraft, there are lots of advantages. When you're as good a customer as we are, they listen. We don't go along with the crowd. Boeing likes us because of our history. They know our philosophy now, so they know we do not want 'one little change' that will drive up the cost. Our way is actually less costly."

– Colleen Barrett, COO, Southwest Airlines

"Southwest makes the airport part of their team. We make a presentation to them, and then they turn around and make one to us, saying 'here's how we see us working together'. That's unheard of. It gives you the impression that, this is a group I really want to work with, as opposed to other airlines where you wonder if you can get them to call you back. With Southwest you want to see what you can do for them. I think it pays huge dividends. My reaction to how I'm handled by Southwest is that it makes me want to bend over backwards."

– Kevin Dillon, director of Manchester Airport

"Ultimately, this ability to partner is an acquired skill like any other, with potentially significant effects on success."

– Jody Gittel

2. The Southwest Business Environment

The “glue” that makes these 10 organizational relationships work for Southwest is its business environment of shared goals, shared knowledge and mutual respect. Without this kind of environment, the high performance relationships Southwest uses won’t have the same kind of impact.

Shared Goals

At Southwest, every employee is working to achieve three quite straightforward goals:

1. Safety.
2. On-time performance.
3. Creating satisfied customers.

The fact every employee shares those goals regardless of the functional area in which they work creates tremendous energy. It allows them to respond in a coordinated way whenever new challenges arise or new information becomes available. It also provides a context by which decisions can be made and information shared. Shared goals are a foundation on which business relationships can be grounded.

“Shared goals at Southwest appear to be strong. When discussing the need for on-time performance, nearly everybody explained that ‘our aircraft are valuable and they don’t earn any money sitting on the ground’. A Southwest ramp supervisor explained to me: ‘If we can’t keep you, the customer, coming back, we are not going to stay in business’.”

– Jody Gillett

Shared Knowledge

At Southwest, every employee understands the overall work processes. They also know and understand the links between what they do and the work others do in the organization. Shared knowledge enhances coordination and the emergence of innovative ideas.

“When asked to explain what they were doing and why, the answers were typically couched in reference to the overall process. These descriptions by Southwest employees typically took the form, ‘The pilot has to do A, B and C before he can take off, so I need to get this to him right away.’ Rather than just knowing what to do, Southwest employees knew why, based on shared knowledge of how the overall process worked. One pilot explained Southwest’s strength with regard to shared knowledge: ‘Everyone knows exactly what to do. Each part has a great relationship with the rest. There are no great secrets. Every part is just as important as the rest. The laws included. Everyone knows what everyone else is doing’.”

– Jody Gillett

Mutual Respect

In most airlines, there are clear and definitive boundaries between people working in different functional areas. Most employees will interact well with their peers but disregard anyone else below them in the hierarchy. When delays occur, there is usually an attempt to pin the blame for the delay on someone lower down the food chain.

By contrast, Southwest has a culture in which each employee treats others with respect. They acknowledge the different roles the functional departments play in keeping the planes flying. The contribution each person makes to the overall operation of the business is acknowledged and respected. And since each employee values the contribution of others, there is an inclination to act productively to achieve the larger organizational goals.

“Southwest employees were observed to speak respectfully of their colleagues in other functions and to interact comfortably with them, whether that person’s job is to empty the toilets or fly the plane. According to a Southwest customer service agent: ‘No one takes the job of another person for granted. The skycaop is just as critical as the pilot. You can always count on the next guy standing there. No one department is any more important than another.’ A Southwest pilot explained: ‘We’re predisposed to liking each other – I like the flight attendants and even that operations agent over there and I don’t even know him. I guess it’s mutual respect’.”

– Jody Gittell

“Southwest is a remarkable company with a consistent record of profitability and performance in a turbulent industry. Southwest’s most powerful organizational competency – the ‘secret ingredient’ that makes it so distinctive – is its ability to build and sustain high performance relationships among managers, employees, unions and suppliers. These relationships are characterized by shared goals, shared knowledge and mutual respect. Although these relationships appear simple, appearances are deceptive. Over time, Southwest Airlines has carefully developed a set of organizational practices that build and sustain strong relationships among those who are critical to the organization’s success.”

– Jody Gittell

“How does Southwest Airlines build strong relationships, generating high levels of coordination and therefore high levels of quality and efficiency performance? As you might expect, there is no magic bullet. Rather, Southwest has developed an innovative set of 10 organizational practices, each one designed to reinforce the others so the total is greater than the sum of the parts. These practices build and sustain relationships in multiple ways – through leadership at the top and at the front line, through hiring and training, resolving conflicts, managing work/family issues, creating special boundary roles, measuring performance broadly, negotiating flexible job descriptions, and partnering with the external parties that are critical for Southwest’s success. These practices can be adapted to your own organization’s needs to create high levels of relational coordination and outstanding performance.”

– Jody Gittell

“Whether these relationships are conceived as social capital, teamwork, or relational coordination, the common thread is that they are critical for achieving high performance. The guiding principle behind organizational practices that create high performance is that they somehow need to build and sustain relationships among the organization’s key participants.”

– Jody Gittell

“The idea that high performance depends on bundles of organizational practices – rather than individual practices – is a powerful one that extends to other industry settings.”

– Jody Gittell

3. The Southwest Business Techniques

Effective communication is the technique by which Southwest builds relationships within the organization. The company excels at communicating well – which means it communicates frequently, in a timely manner and with efforts focused on solving problems rather than fixing blame.

Frequent Communication

Timely Communication

For an airline, time literally is money. If it can reduce even by just five minutes the amount of time a plane stays on the ground being turned around, the financial gains can be significant. Southwest consistently has the fastest gate turnarounds in the U.S. Airline industry. How does it achieve that? It keeps everyone in the information loop by providing near constant communications when the plane is on the ground.

While this may seem rather obvious, other airlines find it difficult to emulate Southwest's example. The main reason for that is turning an airplane around is a complex task which requires the combined efforts of 12 distinct functions – pilots, flight attendants, mechanics, gate agents, ticketing agents, ramp agents, baggage transfer agents, aircraft cleaners, caterers, fuellers, freight agents and operations agents. In most airlines, these functional departments dislike each other. Therefore, they don't communicate very much, if at all. And whenever delays do occur, there is a mad scramble to point the finger elsewhere.

At Southwest, things happen differently. Everyone knows what's happening and everyone gets the same flow of up-to-date and accurate information. That way, Southwest employees can respond to changing circumstances quickly and effectively because everyone knows all there is to know. Sharing information is not carried out on a have-versus-have-nots basis, but everyone knows everything. That allows each Southwest employee to be able to make better decisions and better judgement calls.

"Communication is one of the primary ways that people coordinate their work with others in a wide variety of settings. Organizational experts have long recognized the power of frequent communication for coordinating work processes, and have now begun to focus on the critical importance of timely communication. A Southwest station manager described the normal pattern of communication regarding mechanical difficulties: 'The pilot reports a maintenance issue when he calls in range to operations. The mechanic is usually here to meet the plane. If something is seriously wrong, we move to an off-terminal location and cancel the flight. If it's just two hours, we do an aircraft swap. Ops keeps everyone informed. It happens smoothly'. A Southwest gate agent praised the quality of communication: 'The ops agent is responsible for every bit of information going into the computer. We can tell the customer everything they need to know, because it's right there. Communication is ultimately the key'."

– Jody Gittel

Problem-Solving Communication

At most airlines (and many other businesses), when problems arise, everyone wants to avoid the blame. With that goal in mind, nobody likes to be the bearer of bad news. As usual, Southwest turns this around to its advantage. Southwest employees are openly encouraged to report problems as soon as they become aware of them so everyone can get involved in figuring out the best way to solve it. Just this subtle change has a huge impact on the quality of the communication taking place.

"When something goes wrong, according to a Southwest pilot: 'We figure out the cause of the delay. We do not necessarily chastise, though sometimes that comes into play. It is a matter of working together. No finger pointing, especially here, and I'm sure that's the case elsewhere at Southwest.' A Southwest station manager explained his philosophy: 'If there's a delay, we find out why it happened. Say there was a 10-minute delay because freight was excessive. If I'm screaming, I won't know why it was late. The freight handlers will think, 'He's an idiot. If only he knew.' Then they'll start leaving stuff behind or they'll just shove it in and I won't know. If we ask, 'Hey, what happened?' then the next day the problem is taken care of. You have to be in that mode every day. There's no one person who can do it. We all succeed together – and all fail together. You have to truly live it. I think we do here.'"

– Jody Gittel

"Organizations with strong relationships can move beyond traditional trade-offs between efficiency and quality, shifting out the efficiency/quality frontier to achieve higher levels of each. Relationships are not just 'nice to have' but rather – if invested in consistently over the long term – can be powerful drivers of organizational performance."

– Jody Gittel

"Southwest's success is not due to one particular organizational practice or another, but rather to the overwhelming consistency among them. Each organizational practice tends to reinforce the others or, if designed in a way that is inconsistent with relational principles, tends to undermine the others. The idea that high performance depends on bundles of organizational practices – rather than individual practices – is a powerful one that extends to other industry settings. Evidence from the auto industry, the apparel industry, the steel industry and the telecommunications industry shows that bundles of practices can have powerful, positive effects on performance."

– Jody Gittel

"Effective organizations typically have a configuration of mutually consistent practices rather than a single key practice that makes them effective."

– Jody Gittel

"To learn successfully from Southwest, the key is to adopt organizational practices that support relationships over the long term, between managers and frontline employees, among frontline employees, and with external parties, and to be rigorous about seeking consistency among those practices. One bad apple – or inconsistent practice – really can spoil the whole bunch."

– Jody Gittel

Southwest Airlines Co. is a major American airline headquartered in Dallas, Texas, and is the world's largest low-cost carrier. The airline was established on March 15, 1967 by Herb Kelleher as Air Southwest Co. and adopted its current name, Southwest Airlines Co., in 1971, when it began operating as an intrastate airline wholly within the state of Texas, first flying between Dallas, Houston and San Antonio. The airline has more than 59,000 employees as of June 2019 and operates about 4,000 departures