

Customer Evangelism: The wild, flying turkey with wings

Herb Kelleher chain-smokes, loves Wild Turkey whiskey and is often seen dressing up as Elvis.

In an industry that's roundly reviled by customers, Southwest Airlines largely stands alone. Thanks to the extremely effective, maverick-cum-evangelistic leadership of Kelleher, Southwest has outlasted competitors big and small to become bigger than all of them combined.

Since 1971, when the company took delivery of its first Boeing 737 after waging a four-year legal battle to get off the ground, Kelleher has built Dallas-based Southwest Airlines into a responsive army of 30,000 passionate, dedicated employees. Southwest is often number one on Fortune's list of best American companies to work for. If you look at the numbers, Southwest is doing things right, customer-wise: The company does \$5.7 billion per year in business. Its market capitalisation of \$14 billion is bigger than United's, American's and Continental's combined. It has been profitable every quarter and every year since 1973.

Kelleher relinquished his president and CEO titles in June 2001 and handed them over to two of his long-time lieutenants. He remains as chairman and will continue to serve as its chief spokesman.

In the class of maverick business leaders, Kelleher has several contemporary classmates: Richard Branson and Jack Welch come to mind. In the fiercely competitive airline industry, it's easy to go from savior to chump (think Frank Lorenzo). Some pioneers have been universally despised (think Robert Crandall). It's also relatively easy to go from pioneer to Chapter 11 (think TWA, Braniff Airlines, Legend Air, et al).

But since 1967, when Southwest first launched, only to fight a four-year legal battle to get its first plane off the ground, Southwest has endured while scores of competitors have been bought or gone out of business.

What are the secrets of Kelleher's evangelistic success for Southwest?

Constantly talk to customers

Kelleher is well known for constantly flying on Southwest's planes, just to talk to customers and employees. One frequent flyer in Texas we know has sat next to Kelleher three times in the past 10 years. Each time, Kelleher asked him and others nearby how well Southwest was doing in a number of areas, looking for trends, spotting inconsistencies.

This strategy comes from a customer-focused belief: "We tell our people, 'Don't worry about profit. Think about customer service.' Profit is a by-product of customer service. It's not an end in and of itself," he told the Chief Executive Group in an interview.

In an article he penned for the Peter F. Drucker Foundation in 1997, he described the company's marketing strategy: "We market ourselves based on the personality and spirit of ourselves. That sounds like an easy claim but, in fact, it is a supremely dangerous position to stake out because if you're

wrong, customers will let you know - with a vengeance. Customers are like a force of nature: You can't fool them, and you ignore them at your own peril."

Make your company extremely open

Kelleher has never been afraid to talk about the ingredients of the company's success to magazines, college students or customers. Remarkably, there is only one book (1996's "Nuts") that documents Southwest's success. Consistently plain spoken with a self-deprecating wit, Kelleher is a consummate storyteller, according to a May 2001 Fortune magazine cover story. About the only secret Southwest keeps is where it will launch new services.

One of Kelleher's secret weapons is eschewing long-range planning. Instead, he favours an integrated, customer-focused plan that focuses on two things: what are the societal trends and where do they want Southwest to be within that society? Many people outside Southwest's executive circle are involved in this process.

Make it easy for people to like you

Kelleher's penchant for laughter and fun is part of Southwest's culture. Prospective employees are asked how humour helped them out of a difficult situation. Prospective pilots are sometimes asked to don Southwest shorts; the ones who see the request as fun and a lark pass the interview. Kelleher once settled a legal dispute with another company over a trademarked slogan by publicly arm-wrestling the other company's CEO. Kelleher won. Kelleher is always ready to play the fool, whether it's dressing up as Elvis for Halloween or driving a Harley to a company picnic.

"Because I am unable to perform competently any meaningful function at Southwest, our employees let me be CEO. That is one among many reasons why I love the people of Southwest Airlines," Kelleher once told the National Civil Aviation Review Commission. By consistently avoiding any airs of pretence of importance, Kelleher makes it hard for people to dislike him.

"People who emphasize too strongly the fact that they're professionals usually are not very good at what they do," Kelleher told *eCompany* magazine. "What really adds up to professionalism is being very good at what you do in a very modest way."

Create a cause

"I was talking at the Yale Graduate School of Business some years ago," Kelleher told the Chief Executive Group in an interview. "In the Q&A session, one of the students stood up and said, 'It seems to me you're talking more about a religion than a business.' And I said, 'If you feel that way about your business, I think that's good. That's a plus.'"

Colleen Barrett, who has assumed Kelleher's title of president, summed up one of the primary reasons for the company's success, as she told the Chief Executive Group: "Southwest is a cause, not a career."

The company's strategy of flying only the Boeing 737, avoiding the hub-and-spoke passenger system and not paying millions of dollars to be part of other airlines' computer reservation systems has been so sound and so completely integrated that it has been impossible for any other existing airline to copy it.

The evidence for the clarity of this strategy abounds: In the first half of 2001, while other airlines struggle with huge losses, strike threats and growing concern over customer dissatisfaction, Southwest continues to remain profitable (and incident-free). Since its first flight in 1971, Southwest has only had one work stoppage.

Southwest has grown almost completely organically, and Kelleher has avoided steering Southwest into non-core areas like ownership of car rental agencies and reservation systems. This strategy, favored by competitors like UAL Corp., parent of United Airlines, and AMR, parent of American Airlines, have drained the respective companies of focus and resources.

It would be unlike Kelleher and the culture he has fostered to get involved with other non-core businesses. By consistently focusing on low costs and high customer satisfaction rates, Southwest has lead all other competitors in metrics the FAA uses to measure airline performance.

Kelleher never got a business degree. He was trained as a lawyer. He says his success is due to avoiding the MBA patina that slows so many other companies. Kelleher once told the story of how a Southwest vice president complained several years ago that customers, gate agents, pilots and baggage handlers had more access to Kelleher than the vice president did. Kelleher's response was, "Let me explain this: they're more important than you are."

Ben McConnell, June 2006

Ben McConnell writes a fascinating blog (with Jackie Huba) called Church of the Customer. It covers customer evangelism, marketing and related issues. Visit it at <http://customerevangelists.typepad.com>.

Their book *Creating Customer Evangelists: How Loyal Customers Become a Volunteer Sales Force* is available from all good book shops and online from sites like amazon and abebooks.