# Example of essay on southwest airlines

Business, Company

1. Mission statement and objectives. Southwest Airlines has always emphasized the adherence to their mission and objectives, which form the basis for the Southwest culture. Its official mission "... is dedications to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit" (Southwest Airlines, 2010). The clarity of the mission statement makes it very understandable and transparent to the stakeholders. Southwest Airline's mission includes a separate paragraph, dedicated to the employee relations. It emphasizes company's commitment "... to provide our Employees a stable work environment with equal opportunity for learning and personal growth". The main objective is to provide to the employees "... same concern, respect, and caring attitude within the organization that they are expected to share externally with every Southwest Customer" (Southwest Airlines, 2010). This statement not only defines the expectations for the employees in terms of customer behaviour, but also assures Southwest people in their importance for the company, thus empowering them.

2. Short - long-term focus. In its operations, Southwest Airlines pursues both short-term and long-term objectives. In the short-run, company attempts to achieve high profitability through continuous cost reduction, price disaggregation and transparency, which allows providing only the services demanded by the customers.

In the long-run, Southwest Airlines is striving to gain loyalty of the customers and strengthen their brand. Building strong employee relations is also a part of their long-term policy, which aims to puts employee commitment in the centre of Southwest culture and considers personnel as the key element of the company’s success (Gittel, 2003). No lay-off policy, Operation kick Tail program and profit sharing schemes indicate commitment to the employees, an attempt to gain employees’ trust and loyalty, thus improving company performance through customer orientation and best in industry customer service. Managers in Southwest try to be as approachable as possible, in order to resolve issues with the employees and to be responsiveness both to the unions’ demands and to the initiatives of the staff, which often become a major source of innovation in the company. The flat organizational structure and authority delegation to the lower levels give employees decision-making authority and freedom to take initiatives, thus achieving high performance through employee empowerment (Gittel, 2003).

3. Growth strategies. The company employs the strategy of controlled growth of approximately 10-15% every year. The growth is largely driven by an increase in demand for low-cost reliable flights. Southwest Airlines often operate on the routes, which have not been explored by other airline companies, thus creating high density markets in the new airports, rather than winning over the existing airline customers (Gittel, 2003). The strategy pursues an increase in passenger volume by lowering fares on its routes and increasing flight frequency. It implies point-to-point route structure, instead of the traditional hub-and –spoke system. In 2010 the growth strategy of the company incorporated an acquisition of the outstanding stocks of Air Tran Holdings Inc.

4. Market trends and innovations. Southwest airlines have always been market leaders in implementing innovative practices in their operations.

Open-door policy in the company allows every employee to contribute into the innovation and processes improvement. Trying to respond to customer demand for low cost flights, Southwest offered a unique value proposition, which ensures company’s competitiveness even today. They were the first to offer short-haul flights, thus entering into competition with trains and cars, rather than air carriers. They introduced low cost flights and point-to-point connections, online ticket sales and an entirely new boarding process, which saves time on the ground (Webb, 2011). Therefore, due to their high emphasis on innovation, the Southwest Airlines is listed among the top 20 innovators of the Innovation Index (Dalal, 2006).

5. Implementation processes. The low costs of Southwest Airlines are achieved through efficient utilization of assets, quick turnarounds (25 min compared to the industry average of 45 min.). Southwest implements only 1 aircraft type, which reduces maintenance and training cost. The company offers no-frills service, thus allowing to save on the cost of food and other services, which add little value to the customers. Tickets are not sold through the agents, but online, which eliminates the dealership cost. Finally, point-to-point connections allow easier booking service and decreases the cost of luggage handling. Lowest number of complaints in the industry and the highest on-time record indicate that quality and reliability have not been compromised by the low ticket cost of the Southwest Airlines.

6. Formality of planning. Planning in Southwest often concerns costs and the derived revenue. The company can sustain its profitability by maintaining stable growth level despite economic downturns in the world. Before

introduction of a particular route, careful considerations are made regarding profitability of the new operations. However, planning in Southwest is not compromising innovation. Thus, employees can approach their managers with any innovative idea, which can be further considered for implementation, no matter whether such an idea was considered in the company's plans or not.

7. Alternative Strategies. Having gained customer recognition, Southwest may try to increase their margins by raising the cost of tickets and providing additional services. Southwest Airlines can also provide long-haul flights, in order to expand market offering, however it is not going to be beneficial for its market position and customer satisfaction. Moreover, this strategy is similar to those, adopted by many traditional companies, therefore Southwest will be forced to engage in a competition in the market, which has never been tackled by the company before. Although the benefit of such a strategy includes higher margin and profitability, it is also associated with the loss of competitiveness and disruption of the brand image.

## References

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