

Essay on case analysis

Business



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Olson Master of Public Administration Zhijun, Gao Case Analysis-Southwest Airlines1. Use the Star Model to describe the strategy, etc. , of Southwest. Prepare a diagnosis of Southwest.

Southwest Airlines is an American airline based in Dallas, Texas, and it is the largest airline in the United States. Since the airline is originated from a small company, but it has won against many large and experienced competitors, so the incredible accomplishment achieved by the company has many reasons. Here we apply the Star Model to describe the reasons for Southwest Airlines' success. The Star Model is an analytical tool for the purpose of evaluating the performance of an organization; it depicts the key features of an organization: strategy, structure, rewards, processes, and people. Here we apply this model to the case of Southwest Airlines. Strategy In the Star Model, business strategy is the foundation element.

It defines the kind of organizational performance that is needed, the types of organizational capabilities and competencies that are needed, and how the organization forms its competitive edge in the industry. The most important thing is that the strategy the company selected should be suitable with its resources and capabilities, thus shaping its edge. 1. Customer service and low price In the Southwest Airlines' case, since the company was relatively small and lack of capital, so it cannot compete with other large airlines through huge investment and technology. But King and his associates firmly believed that there is a need existed for improved air service between

Houston, Dallas-Fort Worth, and San Antonio, and although Braniff and TWA provided most of the air service between these markets, the degree of customer satisfaction of their service was very low, and Braniff was even commented as “ the World’s Largest Unscheduled Airline”, the founder of Southwest saw the opportunity to win against them.

Therefore, the company placed great emphasis on customer service; it operated many flights day and night to make sure that the customers’ need can be satisfied. The service of hostess and other staff was superior to the other two companies. Besides high quality service, the low price strategy also contributed to the company’s success, its \$20 flight tickets, much lower than \$27 of its competitors, and the following “ 60-Day-Half-Price-Sale” plan greatly increased the company’s revenue and market share. 2. Emphasis on effective marketing As a newly established company, in order to gain reputation in the market, Southwest Airlines not only provide best customer services and low price, but place great emphasis on marketing and publicity as well. The company launched several marketing campaigns with attractive slogans to raise its reputation, which had gained much favor from the customers.

Structure The second point on the Star Model is the organization’s structure, which refers to how people are grouped together, who reports to whom, how tasks are assigned, and the nature of the jobs within the organization. In the Southwest Airlines case, the organization chart is presented below: From the chart, we can see that the structure is very flat, not bureaucratic at all. And it clearly depicts each department’s power and responsibilities, as well as stipulating who reports to whom. This relatively lateral and clearly defined

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structure was helpful in improving the efficiency of organization. From the case, we can find that the decision making in Southwest is very quick, which saving a lot of time, the reason behind is the rational organization's structure.

Process The management processes are the systems that the organization puts into place to help control, manage, inform, and direct its members' behavior. They include information and communication systems, budgeting and financial measurement systems, and the behavior of managers, particularly those involved in decision making and setting direction for the organization. In this case, when Coker was assigned as the vice president of marketing, he assumed responsibility for all marketing functions of the airline, including advertising, sales, and public relations. In order to effectively communicate with the other staff, and obtain sufficient information, he often met weekly with the account executive from the Bloom Agency to discuss not only media advertising, but numerous details about preparation and execution. This kind of information and communication system helps the managers in the organization, like Coker, obtaining adequate necessary information and communications among departments and people more effectively. **People** The final point on the star is people, which mean the organization's human resources.

Individual performance is crucial to an organization's functioning effectively. In order to achieve its objective, the organization must have human resources who possess right knowledge and skills, which can make a difference on the organization's performance, and the types of people recruited should be compatible with the other four elements. In this case, <https://assignbuster.com/essay-on-case-analysis-essay-samples-2/>

when the Southwest Airlines was preparing for takeoff, the company hired four executives with many years' airline experience, this is very important for a newly established company, which provide valuable experience and knowledge for them. And the thing with the recruitment of Dick Elliott, and his successor, Jess Coker when the company decided to enhance its market campaign, these two experienced manager made great contributions to the company's publicity. Describe the organizational culture at Southwest and prepare an overall " assessment of fit".

The organizational culture at Southwest has following features: 1.

Emphasizing teamwork and coordination At Southwest, the culture placed great emphasis on the merit of teamwork. When the company making strategies and implementing decisions, it sufficiently utilized the power of the team, and many campaign or tasks are carried out through team work. For example, as the company launched a sales promotion to increase its market share, Coker recruited 6 sales representatives to carry this promotion, although each of them has his own task and responsibility, they formed as a team, and they held meetings and discussions to generate ideas, and provided feedbacks, which turned out to be helpful for their works. 2.

Positive and ambition From the case, we can feel that Southwest Airlines has an atmosphere of costiveness and ambition, from the day it was established, King and Muse had an ambition to beat the other two existing airlines, Braniff and TI. The management level noticed the low quality of customer service provided by these two airlines, so they target their strategy on customer service, punctuality, and low price. Besides, during the years <https://assignbuster.com/essay-on-case-analysis-essay-samples-2/>

competing with Braniff, Southwest Airline never held back, it always hold the belief that Braniff will finally be defeated. 3. Strong work ethic At Southwest, not only the decision-makers are intelligent and hardworking, but the staff and hostess as well.

The organization values diligence or work ethic to a great extent. And someone called this “ the spirit of warrior”. For instance, when the Braniff announced a half-price “ Get Acquainted Sale” between Dallas and Hobby on all flights, the Southwest decision makers held several meetings afterwards, and everyone tried his best to put forward proposals, they held press conference from time to time, and adjusted strategies accordingly, everyone in the company, from top to bottom took active actions when facing the crisis, the strong work ethic shared by the managers and employees of the organization can be seen. These three features of culture at Southwest Airline are suitable with the strategy, structure, rewards, process, and people of the company. Since the company’s strategy emphasizes customer service and effective marketing, this requires a lot of coordination and collaboration of the team, because it cannot be accomplished by “ heroes”. Besides, the structure of the company was lateral, and has a very clear defined-responsibility and connection across different departments.

Similarly, as mentioned above, there existed effective communication and information system in the company, which requires team coordination, so it is also compatible with the first feature of culture. In terms of rewards and people, the company recruited four experienced executives and Elliot and Coker responsible for marketing, these people are right choices. And it is these intelligent and diligent managers as well as the pretty but endeavor

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hostess who brought a strong sense of ambition and work ethic to the Southwest, so it best illustrates the picture. How does the culture support performance at Southwest? From Charles O' Reilly's point of view, there are two reasons why a strong culture can contribute to the performance of the organization: one is the fit of culture and strategy, the other is the increased commitment by employees to the firm. These two factors will provide competitive edge over the company's competitors. In this case, as I mentioned above that the culture at Southwest has three features: emphasis on teamwork, ambitious and strong work ethic, and these three features well fitted with the strategy of the company.

Since the company's strategy was very ambitious, for it will beat Braniff and TI in the long run, so the ambition of the managers and employees greatly help the company in pursuing its goals. Besides, the company made the strategy that focused on customer service, low price, and marketing, which requires well-organized teamwork, so the emphasis on the concept of "team" is suitable with the strategy. So during the decision making as well as its implementation, the organizational culture provided great support. In addition to the features of teamwork and ambition, the work ethic of the company also contributes to the commitment of employees. According to Reilly, culture is critical in developing and maintaining levels of intensity and dedication among employees that often characterizes successful firm. At Southwest, the highly-rated work ethic among employees enhanced their commitment to the organization, and had formed a psychological bond to the organization, including a sense of job involvement, loyalty, and a belief in the values of the organization.

We can see from the case that the hostess had great enthusiasm and dedication when they were providing service on the flights, and when the company launched marketing campaign, all the employees in the company tried their best to participate in it. This feature of culture is greatly helpful on the performance of Southwest. Compare Southwest and Johnson & Johnson as “ Best Practices” organizations. Both Southwest and Johnson & Johnson are “ Best Practices” organizations, for they achieved great accomplishment in their fields, and here we use the Star Model to make a comparison of these two giants to see the similarities and differences in terms of the five elements. Strategy: Since the emergence of Southwest is when there existed two strong competitors in the area, the company insightfully found the drawback of the competitors, and made the strategy based on this potential improvement, and most importantly, the company’s resources and capability at that period of time.

Johnson & Johnson’s establishment was because its founder, Robert Johnson got some insight from the lecture made by Lister, and then set up this company. And it has strategic plan which advocates decentralization and the effective utilization of small operating companies. Structure: Both organizations’ structure are flat and lateral, they don’t have many layers in the organization. The Johnson & Johnson has an executive committee, responsible for making decisions, and the 150 small operating companies carried out their plans. And at Southwest, the organizational charter clearly defined the role of each department and managers, but in contrast to Johnson & Johnson, Southwest encouraged teamwork and coordination.

Process: Johnson & Johnson established operating plans, which include the financial budget system. This kind of process helped the company control its cash flows and make investment rationally. Southwest had effective communication and information system, which is crucial for the team coordination and participation. Rewards: Johnson & Johnson established attractive rewards policy for the executives, which is a package containing salary, bonus and stock portfolios. These extrinsic rewards provide motivation for these executive managers. People: Both companies emphasized recruiting right people to gain an advantage on human resources.

Johnson & Johnson's executives are experienced and well-educated, which help the company making right decisions. And Southwest recruited 4 experienced executive managers at the beginning, aiming to bring experience to the newly established company. And the recruitment of attractive hostess was well-targeted, since the company decided to provide best customer services. So the successful recruitment of both companies is another reason contributes to their success. References: 1.

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