

Business policy and strategic management



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Summarization Southwest airlines is an exemplary destination for both scholars and practitioners when strategy and innovation are talked about. It amalgamated the concepts of cost leadership and differentiation to place its similar products in the extensive competitive market. Summarization of its strengths and weaknesses are as follows: Strengths Its biggest strength is its emphasis on its workforce. The culture at Southwest fosters informality and warm working relationships which enable its employees to come out with innovation, creativity and multitasking. The employees are not binded by formalities and teams are cross-functional. Secondly, Southwest does not provide too much personalization in its services which keeps its cost low and also provides for standardization in services. Although high end facilities are not made available to the employees, but standard services and low cost is what makes Southwest an exceptional case amongst the airline competitors.

Weaknesses Southwest suffers from certain internal management limitations which arise from leadership incompetency. Lately the organization had suffered dramatic shift in the way culture was managed by its leaders- from Herb Kelleher to Gary Kelly. Loss of relationships, affection and cultural match took place which was worsened by the externalities of increased safety demands, fuel prices and customer complaints.

Recommendation Southwest has always thrived on the motto of providing services to the customers at rock bottom prices which its rivals could not. To sustain this feat, it is recommended that southwest should concentrate on its human resource development. Till date, its workforce strategies and strengthened human capital had garnered it the much needed reputation and profitability. In the future also, it needs to develop its employees by means of cross-departmental training and encouraging them to come up with greater

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innovation. Because southwest does not provide personalized services, area where it can differentiate itself is in the way customers are treated by its employees at various contact points. From greetings to handling complaints and from ticket booking to final departure, employees can help create memorable experiences of travelling with southwest in the minds of customers which rivals cannot imitate or replace. Further, now when southwest has registered better profits, it should look forward to gaining access to new markets by means of mergers, joint ventures or acquisitions. This will be beneficial because during such cross-border interactions, people management is the most essential component for success in which southwest is already a leader. It can get readymade access to the partner's resources, routes, fleet of aircrafts and technological expertise. Human resources will be from southwest's side. This could work as a panaceal mix in achieving success in foreign markets because if southwest thinks of doing these on its own, cost of infrastructure, fleet and route expansion, extra technology, etc. will defy its low cost leadership philosophy (Hitt et al. 104).
Work cited Hitt, A. Michael, R. Duane, Ireland & Robert, E. Hoskisson.
Strategic Management: competitiveness and globalization: concepts and cases. USA: South-Western Cengage Learning, 2009