

# Southwest airlines strategy

[Environment](#), [Air](#)



### **3. 2 Southwest Airlines Rituals and Routine**

Southwest Airlines is known for the customer centricity approach to management affairs and service delivery. The firm has prioritized the needs of the clients in line with the preferences and tastes. The onset of the business was characterized by low prices, which the customers were skeptical whether the company will continue with the system once they establish their customer base. The organization was particular in their service structure and considered additional measures even to reduce the initial prices below their competitors' level. Moreover, the firm established a favorable human resource culture where job security was guaranteed, which gives the workers the inspiration to commit to their respective duties. The team spirit where employees assist each other whenever a need arises from another department such offloading luggage and cleaning of aircraft at intermediate terminals (Labich, 1994; Lancaster, 1999). Such moves reduced the waiting time to 15 minutes as opposed to 45 minutes for other airlines (Hitt, Ireland, ; Hoskisson, 2016). Use of songs and humor when making announcement creates a unique atmosphere. Furthermore, the move to replace the assigned seat approach with the first-come-first-served method formed the new strategy to yield management.; ; ;

### **3. 3 Southwest Airlines Symbol**

The company started with a unique identity where the dress code of hot pants was particular to the firm. The use of such dressing style was to set a different mark of recognition in the industry. The company later changed to khaki uniforms; however, the initial choice remains a storyline for most

commentators. Moreover, Kelleher became the symbol of the organization through his inspirational personality. The former CEO was a role model and could occasionally pose as an attendant. Featuring in most films and advertisements, Kelleher was instrumental in setting up the team spirit and customer centricity in the organization. Furthermore, the firm has been known for the pure Boeing 737s fleet with a high number of flights across the main cities; however, the acquisition processes will result in other forms of aircraft being included.; ; ;

### **3. 4 Southwest Airlines Organizational Structure**

The management of the Southwest Airlines is central with the CEO being the top administrator. The supreme decision body is the Board of Directors. The employees belong to different departments based on the area of specialization; however, the firm has its union of workers independent from the national bodies. The power distance between employees and the CEO was limited based on the servant approach that Kelleher embraced in his leadership (Hitt, Ireland, ; Hoskisson, 2016; Labich, 1994; Lancaster, 1999). The corporation among employees trickled down from the method of leadership that Kelleher portrayed over the years. Nevertheless, the respect and supremacy of the CEO were not compromised since the administration remains hierarchical.;

On the other hand, mechanistic tendencies within the department are highly discouraged in the organization. For example, pilots are required to assist in offloading the luggage whenever the waiting time is limited. Each employee is required to enhance efficiency through innovation and strategic planning.

The luggage department improved their effectiveness by improving the arrangement of cases with their handles facing the door to save time. Furthermore, the organization depended on customer satisfaction to enhance the profit levels; therefore, managing internal costs of operation was geared toward creating avenues to sustain the low prices of the flights.; ;

### **3. 5 Strategic Control Examples**

One of the primary competency in Southwest Airlines that encourage the witnessed growth is the existence of control and strategic systems of management. The firm does not operate independent hubs and considers the hub-and-spoke approach to reducing the expenditure. The setting of a small turnaround time has been used to enhance customer satisfaction. Through the use of the Yield Management System, the firm can reduce the loss emanating from empty seats for flight. Operating from the No-Frill dimension ensures that the planes could shift in line with the customer convenience. The first come first served approach allowed maximum revenue for each trip made; therefore, the firm has witnessed consistent profit generation amid the stiff competition and deregulated market.

### **3. 6 Cultural Challenges and Effect on Strategic Implementation**

The overemphasis on the local market has prevented the firm from enjoying the international advantages. The company also operates on a hub-and-spoke system that does not guarantee constant turnaround time. The improvement of the Waiting time at intermediate terminals does not correlate to the gate crew of the firm, which is 50% smaller than in other

airlines (Hitt, Ireland, ; Hoskisson, 2016). Therefore, in some cases, the pilots assist in unloading the bags while the flight attendants are sometimes helped in aircraft cleaning between flights. Services such as a hotel room for delayed customers are limited. Nevertheless, the management has focused on service transformation where several elements have been recently incorporated into the culture management process. For example, the firm has considered the inclusion of three new fare categories to include business travelers, corporate sales, priority to frequent fliers, and new boarding process for customers seeking more attention. Nevertheless, the human resource structure of the firm, where employees receive high remuneration packages, affects the ability of the firm to control the cost of operation. On the other hand, overemphasis on high customer satisfaction levels has affected the magnitude of annual revenue due to controlled inflation in the economy. Therefore, the established culture confines the management to restrictive and selective implementation of changes in line with the shifts in the industry.; ; ; ; ;

#### **4.0 US AirTran Airways Acquisition**

The success of the Southwest Airlines is founded on the expansion programs, which targets sustainable revenue, increasing market coverage, and adequate customer satisfaction levels. The initial stage of the acquisition strategy for the company was the December 1993 purchase of the Morris Air. The move was profitable for the firm since Southwest Airlines increased the market coverage, the annual revenue, and customer base. Currently, the company is focusing on the implementation of the AirTran Airways acquisition as one of the major expansion programs.;;

## **4. 1 Southwest Airlines Benefits**

The move to acquire AirTran Airways is critical to the Southwest Airlines based on the current level of competition in the industry. The sector requires a large market of operation and capital base. The inclusion of the operations of AirTran will enable the firm to access new markets such as Mexico, Caribbean, and Atlanta (Hitt, Ireland, ; Hoskisson, 2016). Since some destinations include tourist sites, the firm is expecting to improve the customer base and the annual revenue. The 30 new markets are essential for the company to increase the services to regions initially regarded as highly competitive since AirTran positioning will be under Southwest Airlines.;

Moreover, having a glimpse of the Southeast and East Coast will ensure that the company stands out above other carrier operators and large firms in the industry. AirTran operated both on local and international routes. Working within the external market will give Southern Airlines an opportunity to expand their operations to the foreign market. On the other hand, the Boeing 717s first-class seats designated for business class integrates with the recent changes in the organization to cater to the needs of the business travelers.;

Furthermore, the acquisition is the best approach to the to improve the capital of operation for competitive advantage. The forecasted pre-tax annual revenue was estimated at \$400 million, which is significant for further expansion implementations. Southwest Airlines and JetBlue have been dominating the US Airline industry with the anticipated management and growth challenges for Southwest Airlines. Nevertheless, the move to acquire

AirTran Airways will assist the firm to cushion both the cost of operation and the implication of stiff competition. The control of the US market will require international mix since foreign companies have started venturing into the local segment.; ; ;