



Customer Service: It Starts at Home

by Herb Kelleher

Customer service has been a passion for me and for Southwest Airlines for a very, very long time. Southwest may be known throughout the U.S. and, indeed, throughout the world for having low fares. But very few people talk about the quality of our customer service—which is superb. As a matter of fact, Southwest was featured in a recent Harvard Customer Service video series and selected by Money Magazine as the best airline in America. Universities that research businesses also celebrate Southwest, not only because of low fares and the best safety record in the history of aviation, but also because it has excellent customer service.

Southwest Airlines has been focused on customer service from the beginning. We've always tried to provide more service for less money rather than less service for less money. In contrast to this approach, consider People's Express. People's Express was formed by folks who had been with Texas International in Texas and who planned to create, in effect, the Southwest Airlines of the Northeast. That was their objective.

But they took the cost factor, pushed it to the wall, and wound up with an operation that was absolutely unlike Southwest Airlines in terms of the efficiency of its reservation center, the on-time performance of its airplanes, the adequacy of its baggage handling, and the approach to customer complaints.

Southwest Airlines is in the process of reporting its twenty-fifth consecutive year of profit-ability in the airline industry and its sixth consecutive year of record profits. This is particularly impressive for an industry that is fairly dicey: fuel-intensive, labor-intensive, capital-intensive, and intensively cyclical. Airlines go up and down with the cycles in the economy because one of the first things that people cut during difficult times is flying. Customer service is a large component of Southwest's winning formula.

A long time ago, the mother of a friend taught me something about the value of customer service. She always bought her cars from the same dealer. Her son said to her, "Mama, you can buy that Oldsmobile for \$2,000 less at

another dealer." She replied, "Yes, but I choose to pay \$2,000 more because when anything is wrong with the car, the owner comes out personally to make sure that it's straightened out."

The same thing is true with any business. By way of example, customer service determines our source of steel. When we're building something at Southwest Airlines, there are probably five or six different companies that offer steel of equal quality. But quality is not the only issue. The question is, Who will get it there on time? Who will have it cut to the right lengths and who will rectify any mistakes they make in the shortest period of time when all those machines and all those people are sitting around waiting for the right steel to arrive? So we're all in the customer service business, whether we want to be or not and whether we're validly a customer service business or we're a business that produces products.

One of the first steps in effecting a customer service business is to ensure that the management of the company focuses on customer service. Part of that focus began some

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years ago for Southwest Airlines, during a debate on how to handle a certain situation. The maintenance department said they'd like to handle it in a way that was more convenient for them. The ground operations department said they'd like to handle it differently because that was more convenient for them. Like a lightning bolt, it struck me that the most important person at Southwest Airlines was not represented at that table—our customer. Our customers were having no say as to what we did internally. I immediately appointed an executive vice president for customer relations to participate in every decision that we make, for example, new equipment, airplane configurations, gate design, and automated ticketing system decisions. Ultimately, you need to step back from the process to see how your customers are affected.

What Does the Customer Want?

I then moved the customer relations function into my office for an obvious reason. I found that when customer relations was in the ground operations department, there were no customer complaints about ground operations. I want customer relations in my office because I want to see what customers actually say about all facets of our company. Customers will tell you the truth at great length about what you're doing wrong and, in many cases, about what you're doing right. Being this close to the customer lets me, for example, call our people and say, "Hey, wait a second. Six letters have shown up in the last two months about inadequate baggage service in Albuquerque. What's wrong? What's changed?" Or, "We never used to get a complaint on

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your ticket counter in Las Vegas. How come we suddenly had eight complaints in the past month?" We always answer customer letters, not with generic responses, but with specifics. "You said you flew on Wednesday on flight 789; you actually flew on Tuesday on flight 672." "You said you were an hour late in departing; you actually were 32 minutes late in departing." We use a pinpointed factual response to the situation raised.

At Southwest Airlines, we think that our management ought to spend time with customers in the field, sampling what our employees and customers experience every day. So we have a requirement that each of our officers each quarter goes out into the field to act as a reservations agent, to load baggage, to dispatch airplanes, or whatever is required, and report back to me on what they did, what they found out, and what they did to improve the job. As an example of how this works, we took several officers over to an airport on a rainy night with lots of weather-related irregularities, such as passenger back-ups. All of a sudden they saw employees hand processing forms—stapling, sifting through piles of paper, and other time-consuming

things. That's when the officers realized the need to change the system. So we came up with a new proprietary sales system that greatly expedited the process for our people and enabled them to have more interaction with the customer instead of going through paperwork. We really do believe, as Sam Walton said, that the best leaders have to be the best servants and we try to make our company that way.

Since European aviation has been liberalized, or deregulated, as we call it in the U.S., they are no longer state owned or government protected. Representatives from these airlines now come to Southwest Airlines asking advice on how to compete vigorously. They're expecting some complex formula, but the advice is simply to find out what your customers want. During the previous 40 years as state-owned airlines without competition, they told customers what to take. With competition as a factor, they have to find out what customers really want and think. The following story illustrates this point.

A dog food company was doing okay but wanted to do better and that's admirable. They prepared a new dog food formula that was awarded a certificate from the agricultural department as the purest dog food ever made in America. They had a can designed that received an award as the best package design for that year. They next launched an advertising campaign that won an award for the best advertising in that category for that particular year. However, about six or eight months later, the head of the company called together all the employees and said, "I hate to tell you this, but we're filing Chapter

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11 tomorrow." And he went through this recitation about having created the purest dog food ever made, the best package ever designed, the best advertising campaign for this type of product. An old man in the back of the room raised his hand and he said, "Chief, I think I can tell you what the problem is. The dogs don't like it." You see, the dog was their ultimate customer. They forgot who the customer was. They were doing all these things for their edification without keeping the customer in mind.

Similarly, Southwest Airlines had a process that we thought was one of the best things we'd ever developed. It was a computerized way of handling passengers. It saved passengers one stop as they went through the terminal and we thought we were geniuses. We patted each other on the back, saying, "Boy, you're smart." "You're smarter than I am." "Well, I couldn't have done it without you." And we implemented that process and found our most frequent fliers hated it. There were protests when I told our employees we were going to change it back immediately. They said, "Well, Herb, you know, they don't understand." I said, "No, you're committing the pri-

mary fallacy. You are telling the customers what they should want. They have told us they don't like this. We're stopping it today." That's the kind of thing that you've got to do and that's what customer service is. It's determined by the customers and not by management deduction as to what the customers should like if they had your background, dressed the way that you did, went to the same schools that you did, and so forth.

But Who's the Number-One Customer?

Once you do determine what customers want, however, how you deliver it makes the difference. That difference depends on your employees. We've always felt that we not only deliver a good product, the best on-time performance, the baggage always arrives with the customer, and that sort of thing, we also deliver the product at a very reasonable price, which is value. However, we wanted still more than that, something that you might call a spiritual element—a warmth, good humor, entertainment quality, hospitality, altruism. There are a lot of words that you can apply but they amount to those things that will produce a sense of dedication and togetherness that leads each employee to believe that he or she is doing something worthwhile as an organization and for society. And we don't believe a company can have that kind of atmosphere and that kind of customer service unless it first realizes that the employees are its number-one customers. Years ago, business gurus used to apply the business school conundrum to me: "Who comes first? Your shareholders, your employees, or your customers?" I said, "Well

that's easy," but my response was heresy at that time. I said employees come first and if employees are treated right, they treat the outside world right, the outside world uses the company's product again, and that makes the shareholders happy. That really is the way that it works and it's not a conundrum at all.

Your employees should be your first customers and it's very important to communicate that to everyone. Even demeanor can be communication. We had a department running beautifully as far as I knew, when someone came to me and said, "Herb, we must be doing a really lousy job." I asked, "Well, why do you say that?" And he said, "Well, our vice president used to arrive in the morning and say hello to us and chat with us a little bit. Now he just walks through with his head down and his shoulders slumped, so I guess we've done something wrong and we're not sure what it is." So I talked to the fellow involved and he was in the middle of a divorce that he didn't want. But you see, the way the people interpreted it was that he was down on them. We think it's just as important how the CFO and his people within the finance department treat their people as how the flight attendant treats passengers on an airplane. It is a cycle and it all starts inside. You can't abuse or maltreat an employee and then say, "Now I want you to put on a big smile and go outside and entertain and charm the passengers." The employee's heart has to be in it to make it sincere and real.

One of our vice presidents came to me and said, "Herb, it's easier for a mechanic or a flight attendant or a provisioner to get in to see you than it is for me." And

I said, “Bill, I want you to understand why that is. They’re more important than you are.”

Hiring the Number-One Customer

We spend a lot of time trying to hire employees who have a customer service focus and are altruistic. We’re very zealous about hiring. One time I was told, “Herb, we want to tell you, we have interviewed 34 people for a ramp agent position in Amarillo, Texas. It’s getting a little embarrassing, and there’s a lot of time and cost involved.” And I said, “If it takes 134 interviews to get the right ramp agent in Amarillo, Texas, do it because that’s where it starts. When you start hiring people just to fill slots for one reason or another, that is when the apple gets poisoned and the barrel starts to go bad.

At Southwest Airlines, we value education and experience, but we would rather have some-body with less education and experience but with a great attitude. If it comes down to a choice between the two, we’ll take the attitude over the education and experience and provide those ourselves. We have line employees that help us hire. Our model employees are part of the employment process. Pilots hire pilots, ramp agents hire ramp agents, and flight attendants are involved in hiring flight attendants. We also have customers come in to help us hire the right employees. We bring our frequent fliers in and ask their advice, after we interview prospective applicants, on who they think we should hire. It is a good guide to hear your customers tell you what they think about a given person and how they think that person would work out.

We also give prospective employees strange tests because we want to see what kind of attitudes they have, what kind of sense of humor. Sense of humor is a sense of proportion to a great extent. You don’t make mountains out of molehills. When one pilot class that came in, we said, “Take off your pants. We don’t interview people in suit pants, just in shorts. Southwest Airline shorts.” This may sound strange, but what we look at are the reactions. The pilots that got a kick out it and saw the humor in it were the ones that we hired. The pilots that did not were the ones that we did not hire. And that kind of thing goes on all the time in our hiring. We’ll say, “Tell us how you used humor to extricate yourself from an embarrassing situation” in front of 30 people during a group interview.

Probation and Training

It’s very important to be attentive during the employees’ probationary period. That’s when you discover the incompatibles. That’s when you see the types of mistakes made and that’s when you reduce the number. Southwest Airlines also has a different approach to training. Of course, we have technical training, but that’s not all we emphasize. We also emphasize customer care training with all employees. If you’re in the refunds department, you get customer care training, because everyone in the refunds department has customers inside as well as outside to deal with.

We have leadership classes for management-level employees that repeats about once every two years. We tell these employees to stop managing; when they manage themselves, they are ready to start leading.

We tell them to stop administering because we want them to be leaders. And that’s what we’re looking for, because leaders are so scarce. The focus is entirely upon how to get different people with different backgrounds to work together harmoniously for a goal. What makes companies ultimately perform well is when everybody is leading and there’s a little less management and administration—bureaucracy, in other words.

Celebrating Extraordinary Service

We celebrate and we exalt customer service inside and outside the company. It doesn’t have to be something that was done for a Southwest Airlines passenger or a Southwest Airlines employee. It can be something that was done for somebody on the street. It’s just unbelievable what our people do and they deserve to be celebrated. For instance, a woman called the Phoenix reservation center, crying. She is from the Midwest and was coming to Phoenix for treatment of a rare type of cancer. She knew no one in Phoenix and was very upset that she would be in this unfamiliar environment while undergoing diagnosis and treatments. So our reservation agent said, “Well you know

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somebody now. I'll meet you when you get off the airplane. You can stay at my house while you're in Phoenix being treated at the hospital."

Extraordinary examples like that are produced by extraordinary people that really are focused on customer service. As another example, a fellow called from St. Louis. TWA had canceled his family's flight from Dallas-Fort Worth to St. Louis. Southwest Airlines can't fly there nonstop because of an amendment that restricts service into and out of that field. He was going to have to put his 85-year-old mother on our airplane, where she'd have to transfer airplanes in Tulsa because of this federal requirement and he was very worried about her capability of handling that on her own. So our reservation agent said, "Well, I'll tell you what. I'm getting off in 10 minutes, I'll just fly up to Tulsa with her and make sure gets on the right connecting airplane. A couple of hours—what's the difference?"

Our people do these extraordinary things because they understand that we exalt and we honor and we celebrate people that provide great customer service. And Southwest Airlines' checks say, "From Our Customers," because we want everybody to know the check doesn't come from Herb Kelleher. The check doesn't come from a piece of corporate paper called Southwest Airlines that's on file with the Secretary of State's office in the state of Texas. It comes from the

people that we deal with every day, our passengers, and they're the ones that supply the wherewithal for our employees' livelihood.

Maintaining a Culture

Maintaining excellent customer service involves a process of getting people to understand the importance of it to them in their daily lives as well as others'. We were a little concerned as we got bigger that maybe some of our early culture might be lost, so we set up a culture committee, whose only purpose is to keep the Southwest Airlines culture alive. Before people knew how to make fire, there was a fire watcher. Cave dwellers may have found a tree hit by lightning and brought fire back to the cave. Somebody had to make sure it kept going because if it went out, there was no telling when another tree would be hit by lightning. And so, the fire watcher was the most important person in the tribe. I said to our culture committee, "You are our fire watchers, who make sure the fire does not go out. I think you're our most important committee at Southwest Airlines." I really do believe that to be the case. We have people come in from all around the world who are interested in our culture because they see it in the customer service aspect of it.

Southwest Airlines had 162 companies at our last corporate day, which we have twice a year. We started them off that day with the Macarena and they were all won-

dering, "Hmmm, I was looking for $E = MC^2$ and I'm getting the Macarena." But a fellow from Swiss Air was interviewed when he left, and he said, "What's the most important message you're taking back to Swiss Air?" And he said, "For everybody to learn to do the Macarena." Everybody's looking for a single big answer, an easy answer, such as, "We'll communicate for six months, then get on with something that's more important." I keep telling them that the intangibles are far more important than the tangibles in the competitive world because, obviously, you can replicate the tangibles. You can get the same airplane. You can get the same ticket counters. You can get the same computers. *But the hardest thing for a competitor to match is your culture and the spirit of your people and their focus on customer service because that isn't something you can do overnight and it isn't something that you can do without a great deal of attention every day in a thousand different ways.* This is why I can say our employees are our competitive protection.

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