

# Proactive Leadership in a Self-Service World



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Good morning, everyone. Thank you for joining today's breakout session—it's good to see you.

Pete's keynote was very energizing; he gave me some very good tips that I look forward to taking back and sharing with my fellow teammembers at Southwest; and I think many of the things he pointed out certainly dove tail nicely into what I'm going to be discussing too.

I really appreciate the opportunity to share with you today a few thoughts about what a proactive leadership mindset is like at Southwest Airlines, and I've prepared a PowerPoint presentation to accompany and highlight the points I plan to make.

After I give you a little background about my leadership tenure at Southwest, I'm going to talk about the elements that drive our leadership decision making, and discuss what goes into proactive thinking. After I introduce the theoretical components of proactive leadership, I plan to use a new program at Southwest as an example of how these elements "play out" in reality. Then, I'm happy to answer any questions that you may have about me, my presentation, or Southwest in general.

Above all, my overall goal is to help you walk away with a better understanding of what goes into a proactive leadership mindset from Southwest's point of view. How's that sound? Let's get started...

## **Fred's Background**

A snap shot of my bio and what we've accomplished is included in your conference material.

I've been involved with change leadership practically ever since I started working for Southwest Airlines almost 15 years ago. I've had the good fortune to be empowered to help implement some pretty cool and proactive ideas and concepts at the local level (in different airports that we serve), as well as across the organization insofar as new programs, systems, and tools are concerned. Today, I spend a lot of my time thinking about the company's strategy and working with many leaders in other departments to deliver a proactive customer experience.

## **Leadership Drivers**

As leaders, to make smart decisions that are in the best interests of our employees, company, and customers, we have to understand the things that “drive” the actions we take. For me (and the other leaders at Southwest Airlines), there are three fundamental drivers: What do customers want? What do employees need? And, what are the business challenges (to making that happen)?

## **Customers’ Wants**

Today, people want to do things for themselves—human interaction to make purchases and gather information is slipping away. In this regard, Customers want to be independent operators—they don’t want to go places to buy things if the experience is just the same at home or in the office. Customers want to roam freely and utilize their mobile devices to get the job done. However, when problems occur, customers expect the business to have solutions in place, ready to go, and, now, automatically delivered to them electronically (via their mobile devices, preferably).

## **Employee Needs**

In a fluid, constantly changing world, businesses need employees who are intuitive, creative, and independent problem solvers. This has always been the case at Southwest, and it is a key ingredient of our “warrior spirit”. In order for a business to be successful, its employees need to be trusted to do their jobs. Leaders need to provide their employees with the right guidance, particularly, the company’s/department’s vision; and offer constant coaching/feedback to help them stay on track. And, most importantly, providing lots of recognition (on a regular basis) fuels your employees’ determination because it lets them know that their hard work, efforts, and accomplishments are appreciated and valued.

## **Business Challenges**

Once you understand what drives your business, and you’ve set your employees up for success, then you have to keep the business going day in and day out. To do that, you have to accept the fact that change is both inevitable and constant. As Herb Kelleher (Southwest’s Co-Founder and Chairman Emeritus) is known to say, “As a business, you either change or die.” It’s equally important to be intimately familiar with both your revenues and costs—this is particularly true in the airline industry where two of our biggest cost drivers (fuel prices and weather) are uncontrollable. And, to be successful, your people have to be happy—happy employees will create happy customers, who in turn will keep coming back, which will make shareholders happy.

## **The Proactive Leadership Mindset**

As a leader, everything you do truly revolves around your perceptions, perspective, and outlook. For me, proactive leadership boils down to three things: The way you think; the environment you create; and the actions you take.

Thinking proactively is all about anticipating your options, and seeing problems as opportunities. You have to have a higher purpose and envision a greater good. And, like many businesses, at Southwest, everyone sets “SMART” goals—specific, measurable, attainable, realistic, and timely. The key to these smart goals is making sure they are flexible so you can adapt to change.

It’s important to enjoy the place where you work—after all, who wants to feel like they’re stuck in a work camp or prison. In this regard, leaders should be creating proactive environments to help their employees thrive. That starts with hiring intuitive thinkers—people who understand others’ challenges and like to put solutions in place without being asked to do that. It’s also important to outline simple, but clear objectives to give your employees direction about where you want things to go. And, then provide the right resources to get the job done. Everyone doesn’t need the latest gadget to provide a high level of customer service; but, if it’s affordable, if it helps make your employees’ lives easier, and if it increases efficiency/productivity, then you have to do what’s right as a leader and figure out a way to make it happen.

Leaders set the tone with their actions. The best leaders provide endless support to their teammembers. They not only say what they want; but they also have demonstrated they can do it. And, for their teammembers to be successful, proactive leaders teach their employees how to utilize their empowerment to be self-sufficient, as well as how to work with others to be team players.

A leader’s job is to ensure that their frontline staff is able to perform at their best. The ultimate leadership objective is to try to make a positive difference in the lives of your employees, for your customers, and on behalf of your company. As leaders, to be proactive, you should be constantly evaluating the circumstances, performance, and drivers of your business to stay ahead—it’s taxing and it’s not always possible; but consistent effort makes a difference in the long run. Little wins will add up and eventually grow into big victories (like compound interest).

### **A Proactive Leadership Example—Southwest’s All New Rapid Rewards Program**

Now, I’d like to provide y’all with a “real life” example to help put into context the things that I’ve been talking about this morning, particularly, the way Southwest thought about the customer implications, employee implications, and the business implications of changing our frequent flyer program.

We knew that our customers liked the simplicity of the old program, and we also knew they were concerned about the balance and conversion of their credits when we announced we were going to change it. We knew we had a small percentage of very loyal customers; but we also knew that the majority of our Rapid Rewards members weren’t getting the full experience of the program’s benefits. And, our members also told us they wanted to be able to access their accounts from a self-service/online user interface.

At Southwest, ensuring our employees are knowledgeable and ready is very important to us too. Thus, we had to make sure all departments who support the new program learned about the product and the tools that go along with it. We knew (based on past experience and customer feedback from previous initiatives) there would be customer volume, confusion, and anxiety that our frontline employees would

encounter. And, we knew our employees would need lots of support, encouragement, and information/updates along the way to help them understand how things are going (good and bad).

From the business perspective, we knew the former program was outdated and not in line with our current business practices. The costs of maintaining “the old” program were outweighing the returns being generated. And, we understood the value of being very open, honest, and positive about the anticipated benefits of the new program.

Looking at the customers’ interests, employee needs, and business challenges, Southwest’s leadership objectives can be summarized as follows: We started with a readiness campaign that was based on a collaborative effort between our technology, training, communication, and support departments. Once the new program was launched, a recovery campaign was prepared to ensure information, staffing, and proper updates were in place. Throughout the process, we knew we had to have a campaign of humility too. We would accept responsibility if things didn’t go according to plan; fix the problems; and stand up for our decision to move forward with change and the employees who were trying to help implement it.

In the end, we learned a lot about ourselves and the way we go about our business. As expected, there was some intense, short-term pain due to technical failures, confusion, and frustration (by many customers and employees). It took us about two and a half months to get the common glitches worked out. Overall, however, we’re seeing very positive results—our members are buying more, and flying more; and, in the seven months since we launched the All New Rapid Rewards program, the returns have already paid for the development costs. In the long run, we believe there will be lots of win/wins for our customers and company by way of better rewards and the ability to work with other partners (for example).

### **Closing Summary**

I hope that I’ve been able to shed some helpful light on what goes into proactive leadership thinking. And, by using the recent launch of a new program at Southwest, I hope you’ll see how we (as leaders) anticipate our customer initiatives, employee initiatives, and business initiatives.

In the time remaining before your next session, I’m happy to try to answer any questions that you may have....