Leadership Analysis: Southwest Airlines - Herb Kelleher, CEO

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This paper will analyze and evaluate the behavioral (people oriented) leadership styles of the legendary Herb Kelleher, former CEO of Southwest Airlines (SWA). The researcher will provide details from 1971 – 2008, outlining SWA successes from a regional air carrier to a global competitor under the leadership of Herb Kelleher. The paper will also include the company overview, SWA business model, highlights of the company, global challenges, global leadership, leadership approaches, changing of the guard, and conclusion. For the transition of power, key findings will examine the next leader of Southwest Airlines.

INTRODUCTION

Herb Kelleher was CEO, President, and Chairman of the Board from 1971-2008 with Southwest Airlines.   In those years, SWA has been a top competitor in the United States airline rankings for the last 46 years with over $20 Billion in revenue for 2016 under the leadership of Herb Kelleher (former CEO, President, and Chairman of the Board) and Gary Kelley, CEO, President, and Chairman of the Board (Southwest Airlines, 2016). According to CBS News airline rankings (2016), SWA ranked number 7 out of a list of 14 airlines in 2016. Forbes (2106) ranked SWA number 13 out of 500 companies as the best employers for 2016. Southwest Airlines has maintained a competitive advantage by putting customer's number 1, providing cost effective services, innovative approach using a unique business model, and quality service.

As of 2016, SWA is the largest carrier with domestic flights in the United States with service to more than 101 cities in all states including 7 countries and 4000 daily flights.   SWA's owns and operates over 600 Boeing 737 jets in three different models, including 737-300, 737-500, and 737-700. The majority of older jets (i.e., 737-300 and 737-500) between 9-12 years old, will be replaced by the newer models 737-800 and MAX-8.   Fortunately, SWA is a launch customer for Boeing and receives the newer models at a significant discount (Southwest Airlines, 2017).

The purpose of this paper is to evaluate the leadership styles and approaches by founder and former CEO Herb Kelleher in the journey from a regional carrier to a billion-dollar global competitor. Based on the introduction of SWA, the following sections will review SWA history, SWA highlights, global social and economic climate, Herb Kelleher's leadership, changing of the guard, and conclusion.

Southwest Airlines History

SWA started as a business idea on a napkin presented by Rollin King a Texan businessperson of financially defunct Wild Goose Airlines. In 1966, he proposed to Herb Kelleher creating an airline that connects the metro airports in Texas instead using the traditional hub-and-spoke model used by airlines

today. SWA business plan shared the idea of offering lower cost for passengers across shorter distances more efficiently and on time compared to other air carriers. On paper, their idea seemed unconventional compared to current models, SWA could be the no-frills airline to meet customer demands for the Texas Market in the 1970's. Fortunately, SWA did not follow regulations to abide by the federal regulations for airfares while flying within the state of Texas borders. Because SWA was not obligated (mandated) by the Civil Aeronautics Board (CAB) regulations, this reduced airline costs drastically and advantage for SWA (PBS, 2009).

Prior to SWA first flight on June 18, 1971, Braniff, Trans-Texas Airways, and Continental Airlines made a legal attempt to prevent SWA's business according to the regulations imposed by the federal Civil Aeronautics Board. In the United States Supreme Court, Herb Kelleher, CEO SWA presented his argument that Texas could support another carrier and won the case. After three years of litigation, Texas Supreme Court ruled in favor of SWA. SWA incorporated in 1971 with fewer than 70 employees, three Boeings' 737 and began to fly to three main cities in Texas, which are Houston, Dallas, and San Antonio. Currently, SWA has more than 55,000 employees throughout the organization. In 1973, SWA was profitable for the first year after $1. 6 million loss in the first two years of operation. This was the turning point for SWA and have never looked back (Southwest Airlines, 2017; PBS, 2009; Southwest Airlines, 2009). The next section will provide more details on the successful business model.

Southwest Airlines Business Model

SWA business model created two key components, including identifying customer's needs by providing the lowest airline cost provider in the marketplace. The ideal customers for SWA would be travelers that would usually drive from one Texas City to another city and could save time by flying SWA. By offering air service to those customers, SWA can provide low-cost alternative, flexible time, and options for destinations. For example, a customer could fly from Houston to San Antonio for less than driving the same distance. SWA was the first airline to offer customers these services for shorter flights of 500 miles or less (Southwest Airlines, 1994; "How corporate culture, 2005").

TABLE 1
SWA COMPETITIVE COSTS ADVANTAGE

Number	Reduced Unit Costs
1	Based on the corporate culture, employees are inspired and motivated and tend to work harder than other airline carriers
2	Employees have job security
3	Reusable plastic boarding passes retired and replaced with self-service kiosks
4	SWA provides peanuts for 20cents compared to a $5 meal offered by other airlines. This is a substantial cost-savings.
5	SWA uses small airports in big urban markets, with less competition, quick turnaround time, and more cost effective, i. e. , Point-to-Point hub
6	SWA reservation system did not require travel agents, i. e. , no added expenses on ticket price.
7	Air fares structure was designed to provide customers low cost fares while providing excellent customer service
8	SWA operates under a conservative financial strategy, which means positive cash flow with low debt to equity ratio.
9	Herb Kelleher has developed a corporate culture compared to none that inspires, motivates, and empowers employees

("How corporate culture, 2005"; Southwest Airlines, 1994).

As a low cost provider (see table 1), SWA would have flights with no meals offered and use the standard Boeing 737 model to reduce airline costs and standardize procedures for turnaround and maintenance. Eventually, SWA would offer snacks, including the famous peanuts. As a regional airline carrier, the economies of scales were lower than the competition, and SWA strived to keep unit costs down (cost per seat/miles flown) to fifty percent or less. Compared to other airline carriers, this provided a cost-competitive advantage (Mouwad, 2010). The next section will touch on a number of key highlights and milestones accomplished during Herb Keller's tenure at SWA.

Company Highlights under Herb Kelleher

After 30 years of leadership at SWA. Herb Kelleher has compiled an impressive record of accomplishment with significant milestones, include:

- In 1973, SWA first year of profitability,

- In 1979-1986, self-ticketing machines introduced, Herb Kelleher becomes CEO, and ranked #1 for the 4th straight year in customer satisfaction,

- In 1988, SWA becomes official airline for Sea World,

- SWAs reaches one billionth revenue mark,

- SWA wins first annual Triple Crown, includes baggage handling, on-time performance, and Customer Service - based on DOT reports,

- SWA celebrates 25 years' service in 1995,

- In 2000, purchased 300th airline from Boeing,

- SWA begins self-serve kiosks at airports and phases out plastic boarding cards as a cost-saving measure,

- In 2004, SWA has 31st consecutive year of profitability, Gary Kelly becomes CEO, and, expands service to 60 more cities,

- Herb Kelleher steps down as Chairman of the Board, SWA signs an agreement with Galileo travel agencies for 10 years throughout North America, and updated the boarding pass procedure in 2007, and In 2009, Business Week honored SWA "Customer Service Champs" with the first ever list ranking the best providers of customer service. " For the 8th year, Business Ethics magazine named SWA as one of America's "100 Best Corporate Citizens" (Southwest airlines, 2017; NAWBO, 2009; Southwest Airlines, 2009a).

SWA has a proven record of accomplishment in providing affordable air travel described as "The Southwest Effect," providing low airfares resulting in an increase in new customer traffic for new SWA markets. SWA has proven their success in 43 consecutive years of profitability. They are considered one of the most admired airlines in the world, known for measuring success based on a triple bottom line approach focused on "People, Planet, and Profit" has contributed to SWA performance, productivity, the employees, communities they serve, and commitment to efficiency and the planet (Southwest Airlines, 2017; Southwest Airlines, 2016).

The next sections will discuss the global challenges of SWA. How has Herb Kelleher navigated through pressures of deregulation in the 1970's to a Billion-dollar successful airline provider?

Leadership Challenges for SWA

In 1971, Herb Kelleher and Rollin King's idea for SWA created more than 37 years ago with a unique business model that offered a point-to-point compared to the traditional hub-and-spoke model. SWA was

a regional carrier using the business model the opportunity to offer services within the state boundaries of Texas (Cook and Goodwin, 2008). Based on SWA business model, Herb Kelleher and Rollin King started a unique and different kind of airline. They focused on cheap airfares, low cost operations, and an airline with a phenomenal corporate culture that is fun and inspires employees to work hard (Southwest Airlines, 2017).

In the 1970's, the competition for SWA airline was approximately 50 airline carriers compared to the thousands of global carriers today competing for the same customer (AvStop, 2016). As Herb Kelleher and Rollin King began SWA, the airline industry was moving in a different direction based on the global social and economic climate, including deregulation providing airlines more freedom on expanding their routes and developing new pricing structures (Change, 2011).

In the 1970's, airlines were dealing with many pressures prior to *The Deregulation Act of 1978*, including the creation of the larger airlines with more passenger capacity. For airlines, increased passenger capacity did create a problem for airlines to increase airfares either to recover the cost of extra seats or take a loss. The Arab Oil Embargo act in 1973 was an event that increased the cost of fuel resulting in airfares to increase substantially. In the early 1970's, starting a new airline was a challenge due to economic and social changes in the market. Today, customers drive the industry based on demand and preference, airline competition keeps airfares competitive, and levels of service determine the success of airlines based on reputation (AvStop, 2016; AMA, 2009).

As the airline industry was radically changing in the 1970's, airlines decisions were controlled by the government Civil Aeronautics Board (CAB). Prior to 1978, the CAB agency controlled the airline flight routes and fares charged by passengers, i.e., run like a public utility company. On February 6, 1978, Senator Howard Cannon of Nevada introduced the Airline Deregulation Act S.2493. President Jimmy Carter signed and approved the bill, becoming Pub. L.95-504. The Act became the turning point on October 24, 1978 creating airfare wars. Based on the outside (i.e., economists) pressures for airline deregulation, studies showed that intrastate airlines would be able to offer expanded routes and substantially lower airfares. As a benefit of deregulation, less government control over fares, routes and market entry (of new airlines) from commercial aviation would increase business. In addition, CAB would gradually phase out from 1978 to 1983. However, the Federal Aviation Administration would not be effected and continue to use their regulatory power on ensuring safety in the airline industry (AVStop, 2016; Chang, 2011).

For years, SWA developed and implemented strategies (i.e., fuel hedging) to sustain a global competitive advantage while popular airlines continued to struggle, such as American, United, Delta, Continental, Northwest, and US Airways. As airlines were grounding planes and shrinking passenger capacity, SWA was increasing daily flights and received twelve new Boeing 737's. SWA continues to disrupt airline travel with more than 100 million passengers annually compared to other major airlines. SWA Over the last 10 years, the competitive playing filed has changed due to mergers with other airlines, filed for bankruptcy, or are no longer in business. Based on the financial estimates, the major airline carriers have been spending more on capital expenditures (i.e., excess of $100 billion) to stay afloat during difficult economic times (Chang, 2011; Bailey, 2007).

Fortunately, SWA has been profitable since 1973, including 35 consecutive years and 127 quarters of profitability. Not to mention, SWA is continually paying modest dividends annually. SWA has a strong balance sheet with an abundance of cash on hand and millions in available credit, which has created envy from others in a fuel-price-ravaged industry (Brancatelli, 2008; Southwest Airlines, 2008; Bailey, 2007).

During the stock market plunge in 2008, SWA decline was comparable (1-point difference) to the Dow's 21 percent 52-week drop while other major airlines dropped significantly. SWA market capitalization was $4.0 billion more than the combined market capitalization of the Big Six competitors. For a number of years, SWA has followed a hedging fuel strategy that has saved millions on an annual basis while adding to the bottom line. According to Baily (2007), SWA has "long-term contracts to buy most of its fuel at the equivalent of $51-a-barrel oil through 2009. The value of those hedges soared as oil raced above the $90-a-barrel mark and they are now worth more than $2 billion" (para. 3). This

strategy has given SWA a distinctive advantage over other airlines resulting in raising air fares to offset rising fuel prices (Brancatelli, 2008; Southwest Airlines, 2008).

Herb Kelleher has seven secrets that have enabled SWA to have a competitive advantage in the airline industry, which are:

1. SWA uses Boeing 737 series (300, 700, & 800 models) for cost reductions in millions for maintenance (Brancatelli, 2008). As models get older, they replaced with new Boeing 737 jets.

2. Based on the business model in 1966, SWA utilize point-to-point flying compared to the traditional hub-and-spoke system (Brancatelli, 2008; Cook and Goodwin, 2008). This model reduces turnaround times and increases on-time performance above industry average

3. SWA offers snacks and beverages for in-service in lieu of meals (Brancatelli, 2008), i. e. , reduces down time and an extra flight per day

4. Brancatelli (2008) mentions Air fare structure is low-cost, simple, and based on 3 options, including: business, anytime, wants get away. Passengers are not charged for schedule changes and allowed 2 free bags. This simplifies the process for passengers

5. Management has changed over the years to a more efficient (lean), productive, and well compensated for their efforts (Brancatelli, 2008).

6. Organizational Culture inspires and motivate the workforce, resulting in a happy and productive employee. 87% of the workforce are union, and are highest paid in the industry (Brancatelli, 2008). Compared to industry, SWA has the lowest cost based on available seat mile (CASM) attributed to 30% less employees per aircraft (Tully, 2015)? Investopedia (2017) explains CASM is calculated by "dividing the operating costs of an airline by available seat miles (ASM)." Based on the calculations, it would be assumed the lower the CASM, the more profitable and efficient the airline. However, many airlines do not include fuel costs from operating expenses making the metric unreliable.

7. SWA has followed an aggressive fuel hedging for many years resulting in millions of dollars' savings to offset losses during increase in fuel prices (Brancatelli, 2008; Southwest Airlines, 2008).

Based on Herb Kelleher's Leadership style, he has inspired and empowered SWA employees to be productive for the organization, save costs by keeping expenses down, and provide the best customer experience. Based on SWA 35 years in business, have survived economic downturns, economic and social changes, and continue to grow and generate huge profits annually (Brancatelli, 2008; Southwest Airlines, 2008). The next section, will discuss leadership overview, and evaluate Herb Kelleher's leadership approaches, including task oriented and behavior oriented.

Leadership Overview

Leadership is more than just status, position of authority, and seniority ranking within the organization. Leadership influences individuals to accomplish great things, i.e., corporate goals and objectives. Leadership uses a transformational approach that inspires, motivates, and empowers individuals (Kets de Vries, 2005)

Leadership has been researched for centuries', published in many journals, studied at academic institutions, and has been defined by many people. Northouse (2016) defines leadership "is a process whereby an individual influences a group of individuals to achieve a common goal" (P. 6). Based on the many classifications of leaderships and 350+ definitions, scholars and researchers have not been able to come up with a common definition. Based on the many definitions of leadership, there are similarities, including leadership focuses on groups, individuals, influence, and common goals (Northouse, 2016).

In a study conducted by Bennis (1982), he asked ninety executives to identify which competencies did they develop and implement in their roles to be successful in leading others in their organizations, while maintaining consistency. Based on his findings, executives were successful were able to create and implement a clear vision, influence followers and gain buy-in by communicating the vision, maintain organizational direction through persistence and consistency, and the capacity to empower followers to be innovated and creative in achieving optimal results (Bennis, 1982).

In the last decade, new approaches and theories researched, including ethical, transactional, transformational, and spiritual leadership to help organizations adapt to change in an uncertain global marketplace. In the next section, the discussion will include Herb Kelleher's leadership styles spiritual, servant, transactional, transformational, and charismatic.

HERB KELLEHER LEADERSHIP

As one of the most admired airlines in the industry, Herb Kelleher attributes his successful leadership based on six personal attributes, including healthy, optimistic attitude, attention to detail, perseverance, strong emotional intelligence, and develop relationships with people. Kelleher states, "To be an effective, positive leader, I believe that you need, at a minimum, the following" (p. 1) Fourteen characteristics:

1. As a leader, you need to be genuinely interested in people. If you show them patience, respect, tolerance, empathy, and gratitude, people will perform because they want to.

2. Position of power means nothing in leadership. You have to earn and show the respect for each employee, job, task, and performance.

3. You have to be a role model that works harder, harder than anyone else to convince them accomplishment is important for success in the organization.

4. In order to make sound judgements, you have to have a base of knowledge. For example, it is difficult to teach a pilot how to fly an airplane if you did not understand the safety aspects of the plane, instrument panel controls, flight column, landing gear, and rudder controls. Most likely, you will not be able to make a sound judgement.

5. Sense of humor goes a long way! Too many times, people "sweat the small stuff," allow employees to have fun at work.

6. Open door policy is important in making yourself available for all employees.

7. Based on available information, he is able to make decisions quickly. Ideally, you want to review the information, assess the risk factors, and people involved.

8. It is important to have excellent core values and communicate with the organization, including Strive to be the best, display a sense of urgency, never give up, follow The Golden Rule, treat others with respect, embrace our Southwest Family, be a passionate team player, don't take yourself too seriously, and celebrate successes (Southwest Airlines, 2017).

9. Diversity in the organization provides new information, insights, perspectives, and perspectives. Wong (2000) interviews Libby Sartain, Human Resources (HR) executive about SWA leadership. She explains one important observation about leadership at SWA, "executives like her prove a company's spirit has just as much do with its leadership as it does with the workforce" (p. 33). The leadership team is comprised of a very diverse creative and innovative group of managers striving to succeed at SWA (Wong, 2000).

10. Kelleher (2004) explains, "You must emphasize substance over form. Rules, organizational manuals, computers, and such are servants, not masters; they are the means to an end, not ends in and of themselves. "

11. You must be able to solve problems by developing solutions.

12. You must have foresight, which is the ability to predict a needed action for an unforeseen event in the future. This is important when direction is needed based on a current external threat.

13. In order to have self-satisfaction, you must set your goals of achievement and excellence.

14. With respect to the value of leadership, *"Let's get rid of management!"* In essence, employees want to be lead versus micromanaged to complete their jobs. Leadership inspires, motivates, and empowers employees instead of directing and ordering employees (Wenger, 2014).

Herb Kelleher is a unique leader because he uses relationship (people oriented) approach for leadership focused on influencing SWA employee's goal attainment, and allow the autonomy to reach goals in their jobs in a changing environment. Part of the motivation process, people must be willing to change. According to Heifetz, Grashow, and Linksy (2009), explains, "adaptive leadership is the practice of mobilizing people to tackle tough challenges and thrive" (p. 14). As a leader, Herb Kelleher has focused on behaviors that have been successful in influencing and inspiring people to change through a transformational "when one or more persons engage with other in such a way that leaders and followers raise one another to higher levels of motivation and mortality" (Burns, 1978, p. 83). The process will help develop relationships based on trust and respect. He has also believed a foundation of ethics is central to leadership and he has helped to establish and reinforce organizational values (Northouse, 2016). In the next section, what is spiritual and servant leadership and how does this effect leadership effectiveness?

Spiritual & Servant Leadership

Spiritual Leadership is defined as a person that "focuses on leadership that utilizes values and sense of calling and membership to motivate followers" (Northouse, 2016, p. 4).

Herb Kelleher practiced spiritual leadership by creating a vision, promoting core values, empowering employees and teams, and encouraged higher levels of commitment and productivity (Fry, 2003).

Spiritual leadership comprises of behaviors, values, and attitudes that are necessary to motivate the leader and followers. This creates a sense of spiritual leadership and survival through interactions with others in an organizational environment, motivates employees, inspires trust, creates positive ethical climate, positive work environment, and achieves organizational goals, i.e., corporate sustainability, employee health, productivity, and employee retention. (Reave, 2005).

Similar to spiritual leadership, servant leadership behaviors focus on the concerns of their followers; leaders nurture them, empathize, puts followers first, and helps develop to their fullest potential. Greenleaf (1970) proposes servant leaders want to serve first, make sure that other people's priority needs are met to ensure followers grow, become healthier, wiser, autonomous, and eventually become servants. Will followers served by leaders, either feel they will benefit or be deprived? Servant leadership social responsibility focuses on the "have-nots" and those individuals less privileged by removing social injustices and inequalities (Graham, 1991).

Herb Kelleher followed a servant leadership approach, based on the following characteristics. Listening: excellent communication skills, including active listening was important in understanding SWA employee's needs. Empathy: he was able to see the world from the employee's point of view. Healing: he was able to accommodate and help employees during difficult times. Awareness: after *the Deregulation Act of 1978* and *Oil Embargo Act of 1973*, he anticipated future change, recognized opportunities, and was able to adapt to the changing external environment. He developed competitive strategies focused on keeping SWA one of the most successful airline in the marketplace. Persuasion: he implemented a vision focused on the future based on global competition, social and economic changes, and customers. It is also important to follow a less formal approach relying less on internal procedures, protocols, and benchmarking. Conceptualization: he has developed and implemented a clear vision and

communicated to the entire organization. The vision is long-term, challenging, desirable, and compelling. This provides employees a purpose and meaning that inspires each individual to make a difference. Foresight: utilize a servant leadership focused on the employees and organization, include be approachable to employees, accountable for mistakes, be fair and firm on decisions, treat all employees equally, don't focus on bottom line, and have fun with employees. Stewardship: hire the right people with great attitudes, sense of humor, eager to learn, and selfless. Commitment to the growth of people: he uses his charismatic personality that engages employees to increase productivity through empowerment and autonomy. He has also developed a value-added leadership development program based on the philosophy "hire for attitude and train for skill." He is inspired through commitment, putting employees FIRST. Building community: Herb Kelleher and leadership team created the SWA University based on the "hire for attitude and train for skill" philosophy, i.e., SWA has a 4.6 low turnover. The process comprises of three phases, including the pre-employment development (onboard orientation), value-added leadership (developing people, building teams, building people and achieve results), and enhanced executive leadership development. All three phases familiarize the employees with SWA, develop their skills, and enhance the leadership skills for improving operations and productivity (Woo, 2007). The next section will provide an overview on Herb Kelleher's approach to charismatic leadership.

Charismatic Leadership

Weber (1947) defines charisma "as a special personality characteristic that gives a person superhuman or exceptional powers and is reserved for a few, is of divine origin, and results in the person being treated as a leader." Was Herb Kelleher a charismatic leader? He demonstrated charisma based on the certain types of behaviors. He was a strong role model for employees, possessed technical, conceptual skills, and soft skills as CEO. He followed a strong set of ethical beliefs, values, and morals. He communicated a high expectation for employees with flexibility and autonomy in doing their jobs. Most importantly, he created a culture that promotes affiliation among employees that drives productivity. The next section, will discuss transactional, transformational approaches, 4I's components of transformational leadership, and the application of these approaches at SWA.

Transactional and Transformational Leadership

Herb Kelleher leadership style is both a transactional (task - direction) approach and transformational (behavioral - support) approach. The transactional approach evaluates employees based on tasks completed. Employees earn rewards (positive) for completion of a task versus punishment (negative) for not completing a task or goal objective, examples include bonus for a reward in exceeding the sales goal and punishment would be a performance improvement plan for not reaching the sales goal. His style focused on using the behavioral (people oriented) approach in rewarding employees on a job well done. In using the behavioral approach, the emphasis is on intrinsic motivation, employee development, inspire, motivate, and empower employees to succeed in times of uncertainty in the airline industry (Bass and Riggio, 2006). As a leader, he provides support and direction in helping employees accomplish their tasks and goals, such as supporting new employees and directing seasoned employees. Today, both approaches can be used together to ensure leaders are successful in meeting the needs of all employees (Northouse, 2016). This section will focus more on the transformation leadership approach.

Transformational leaders inspire and stimulate individuals to achieve extraordinary outcomes and develop their own leadership capacity. Transformational leader's help individuals grow and develop based on their individual needs by empowering and aligning with corporate organizational goals and objectives (Bass & Riggio, 2006).

Herb Kelleher has used the transformational approach, based on examples discussed using the 4I's components of transformational leadership:

Idealized Influence (I)

Herb Kelleher was a role model with a charismatic personality that influenced employees to be themselves. He was not a big risk taker, although he would formulate his decisions based on the core set

of values and ethical principles focused on his number 1-asset "employees." During the terrorist attacks on September 11, 2001, SWA was the only airline that did not lay off any employees. Employees can trust and have confidence in their leader.

Inspirational Motivation (IM)

Herb Kelleher developed and implemented a mission focused on employees and customers. SWA (2017) mission is "SWA is dedication to the highest quality of Customer Service delivered with a sense of warmth, friendliness, individual pride, and Company Spirit" (p. 1). SWA (2017) vision is "To become the world's most loved, most flown, and most profitable airline" (p. 1) with a focus on the employees. He believes employees are first, customers second, and shareholders third (Martin, 2015). If employees are motivated and happy, they will treat customer's right, and business and profits will increase. This has all been possible due to the phenomenal culture created by Herb Kelleher (Wong, 2000).

Intellectual Stimulation (IS)

Herb Kelleher was transformational in helping employees overcome challenges, stimulate creativity and innovation to identify SWA solutions, drives autonomy, and communicates the "big picture" for reaching corporate objectives. In 1972, Bill Franklin, Vice President of Ground Operations suggested a great solution for reducing turnaround times was called "10-minute turn" This would reduce the time from taxi to take-off, i.e., 20 minutes to 10 minutes. The reduction in 10 minutes has saved SWA millions of dollars and put the company on track for first year in profits in 1973 (Hajek, 2015). The rest is history!

Individualized Consideration (IC)

Herb Kelleher was able to develop strong relationships with his employees. His goal was to drive a happy and fun environment at SWA. He motivates employees through empowerment. This simply means that employees are trusted and empowered to do what is in the best interest of the customer (Gallo, 2013). SWA gathers feedback using an annual employee survey and implement the employee recognition programs through the HR department. SWA has developed recognition programs focused on rewarding star employees for a fast and steady progression in their careers (Wong, 2000).

Based on Herb Kelleher's unique leadership style, competencies, attributes, skill, and characteristics, he has been successful because he enjoys his job, employees, and is willing to make a difference. Over the years, he has strived to make SWA an enjoyable culture for all of his employees. He believes employees that are inspired and motivated are more apt to serve customers well and improve productivity for the organization (Krames, 2003). In the next section, the discussion will include the changing of the guard at Southwest Airlines, and conclusion.

Changing of the Guard at Southwest Airlines

Eventually, all good things will end. After 35 years of leadership, Herb Kelleher stepped down as President and CEO of SWA. From the inception of a business idea on a napkin, He was able to create a phenomenal billion-dollar company in the airline industry.

In his tenure, Herb Kelleher achieved a number of milestones, including 35 years of profitability, named #1 "Customer Satisfaction" company by the DOT for a number of years, listed as one of the most admired companies from Forbes for twelve years, and the many programs developed and implemented for employees (Southwest Airlines, 2009; PBS, 2009).

After 22 years with SWA, Herb Kelleher has groomed his successor and the next CEO Gary Kelley. After taking the baton from Herb Kelleher, Gary Kelley has started to establish his own reputation. In 2004, *Business Travel News'* 25 Most Influential Executives. Finalist for Texan of the Year by the *Dallas Morning News* editors for the year 2005. Honored with the fourth Annual Texas Public Schools Friend of the Year Award for 2008, (4) named one of the best CEO's in 2008 and 2009 by *Institutional Investor* magazine. He celebrated the 36th year of profitability, named #1 in "Customer Satisfaction" by DOT, and chosen by Forbes Magazine as one of America's most admired corporations for the 13th year in a row (Southwest Airlines, 2009b). Based on his reputation, Gary Kelley is leading SWA into the 21st century.

CONCLUSION

Herb Kelleher created a company from a business idea and transformed into a billion-dollar company through hard work, loyal employees, and persistence. In the 35 years at the helm of SWA, he developed a phenomenal working culture, developed and implemented strategies to drive the triple bottom line of Performance, People, and Planet when looking at our business Southwest Airlines, 2016).

Based on the evaluation of Herb Kelleher's leadership style, he was effective in using relationship behaviors in a number of leadership approaches, including spiritual, servant, transformational, and charismatic leadership. The summary of findings in the research below:

Spiritual Approach

The spiritual approach focused on the ethics and core values of SWA that motivate employees, including warrior spirit - fearless in delivering the product/service to customers, servant's heart - treat others with respect, and fun-LUVing attitude - proud to be a SWA employee (Southwest Airlines, 2017).

Servant Approach

He followed the servant approach based on 10 characteristics, including listening to employees, empathize with employees, healing process during difficult times, awareness of economic downturns, persuasion through a clear communication process, conceptualization of strategies and ideas, foresight on hiring the right people, stewardship in serving the organization and employees, commitment to the growth of employees, and build a phenomenal community.

Transformational Approach

He utilized a transformational approach based on the 4I's components of transformational leadership, including (1) idealized influence – role model, (2) inspirational motivation – inspire trust, communicate the vision and grand design, (3) intellectual stimulation – drive creativity and innovation in employees, and (4) individualized consideration – empower employees and get out of the comfort zone. Leaders inspire and stimulate individuals to achieve extraordinary outcomes while helping individuals grow and develop based on their individual needs by empowering and aligning with corporate organizational goals and objectives (Bass & Riggio, 2006).

Charismatic Approach

Similar to transformational approach, Herb Kelleher charisma demonstrated a strong role model for employees, conveyed technical, conceptual, and soft skills as CEO. He followed a strong set of ethical beliefs, values, and morals, communicated a high expectation for employees with flexibility and autonomy in doing their jobs, and created a culture that promotes affiliation among employees that drives productivity.

As a leader, Herb Kelleher used both a task and behavior oriented approaches to motivate, inspire, and empower employees. The task approach direct employees on learning their jobs and new tasks while the behavior approach provides the emotional support to motivate employees to get the job done. In leadership, successful leaders utilize both approaches. He was a rare bird with a unique leadership style that blended many approaches. His approach may be unconventional in putting employees first, customers second, and shareholders third. Kelleher (2015) puts it into perspective by stating "we believe that if we treat our employees right, they will treat our customers right, and in turn that results in increased business and profits that make everyone happy" (page 1).

In summary, SWA leadership has set the tone in the industry with a ranking of #1 "Customer Satisfaction" rating by DOT for a number of years, rated as one of the most admired companies by Fortune magazine, 44th year of profitability, 100 million customers served, 4000 flights per day, and over 100 destinations (Southwest Airlines, 2016).

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