

# SOUTHWEST A VISIONARY WINNER

The originator of the low-cost carrier concept continues to innovate to ensure top-flight customer service. Southwest counts on flawless support from suppliers to deliver its inimitable service.

**35,000**  
employees at Southwest  
Airlines.

**99**  
million dollars net  
profit in 2009.

**1,146**  
CFM56 engines  
in service with  
Southwest.

PROFILE

# SOUTHWEST CONTINUES TO SHAPE THE LOW-COST MODEL

The world's first discount airline, or low-cost carrier in industry jargon, Southwest Airlines was founded in Dallas, Texas. Betting on innovative solutions right from the outset, Southwest continues to prosper thanks to a very solid business model and an offbeat corporate culture.



Southwest flight crews, from the 1970s to the 2000s.

From the huge bay windows in the company cafeteria at Southwest Airlines headquarters in Dallas, you get an unrestricted view of the runways at Love Field. Brightly-colored Boeing 737 twinjets, the airline's iconic symbol, take off and land in a never-ending aerial ballet. It's from this small airport in northwest Dallas that the first 18 flights offered by Southwest departed in 1971. They were headed for San Antonio and Houston, the Texas "golden triangle" that the founding fathers, Rollin King and Herb Kelleher, had drawn on a paper cocktail napkin while enjoying a drink – or so legend has it.



© Southwest Airlines

"Boeing made a risky bet at the time, by financing what was then only a raw startup," says Mike Van de Ven, Executive Vice President and Chief Operating Officer at Southwest. But it turned out to be a winning bet. The original idea was to offer fares so low that travelers would take a plane instead of their car. For this concept to be profitable, however, costs had to be cut to the bone, and efficiency had to be at fever pitch. Among the innovations were no in-flight service (although passengers are given free peanuts); direct ticket sales, without intermediaries; service solely to secondary airports in major

cities to reduce fees; and a single-make fleet, so that pilots and crews could fly any aircraft without a second thought. The ultimate expression of this approach was a constant emphasis on maximizing aircraft utilization rates, with turn-around time between flights of no more than a half-hour!

## FUN... BUT EFFICIENT

And this formula has worked very well indeed. Except for an odd quarter here and there, Southwest has always turned a profit. Today, the airline carries some 96 million passengers a year. And despite occasional bumps in the economy, the company has never laid off a single employee in its 39 years of existence. "Most of our employees are unionized, and they're very productive," notes Mike Van de Ven. "We talk with them a lot, and they receive a share of the profits." This reflects the watchword that you hear throughout the company: "If you treat your employees right, then they treat your customers right. And if you treat your customers right, then they keep coming back, and shareholders are happy."

Southwest enjoys such a sterling reputation that last year it received 90,000 job applications. Ginger Hardage, Vice President for Communications, gives candidates some very sage advice: "Don't take yourself too seriously!" In fact, at last year's office Halloween party, she came dressed as a space monkey. The company wants to give its customers an unforgettable experience, and humor is a large part of the mix. So it's hardly surprising to hear a flight attendant rap his ...

## Duel in the sky

Southwest founder Herb Kelleher arm-wrestling a rival for the right to use the advertising slogan, "Just Plane Smart". The real winner of the battle will be local charities.



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*"Boeing made a risky bet at the time, by financing what was then only a raw startup"*

Mike Van de Ven, Executive Vice President and Chief Operating Officer at Southwest



© Southwest Airlines

## HQ or Museum?

When it's time for a coffee break or lunch, the 3,000 employees at Southwest's headquarters in Dallas can take advantage of their free time to go to a museum – after all, it's their own building! Each corner and each corridor of the huge white building in fact retraces the history of the airline, in detail. In the lobby, models of Boeing 737s decorated in Southwest's successive color schemes seem to take flight. Upstairs, each wall harbors its share of discoveries: press clippings, ads, photos of company parties, flight attendant graduating classes, or a gigantic fresco celebrating the feats of co-founder Herb Kelleher. It's also an opportunity to try the seats used on the airline's first planes, or to check out the uniforms worn by flight attendants over the past thirty years – from a strict suit, to orange hot pants with knee-high boots! On the ground floor, you can follow the flight of each aircraft on a plasma screen in real time, right next to one of the early flight schedules that were regularly updated – by hand!



© Southwest Airlines

**217**  
flights per day to Las Vegas, the leading Southwest destination.

... safety instructions at the beginning of the flight [the video was a global online hit], or see employees giving each other hugs all the time at headquarters, or that the boss, when accused of plagiarism by a competitor, suggested an arm-wrestling contest rather than a lawsuit. To make each trip a pleasure, Southwest is the only low-cost carrier in the US that doesn't

charge an extra fee for checked luggage. And it will soon offer satellite WiFi connections on its planes. Its community of passengers will be the first to know when this service goes online, whether through the blog Nuts About Southwest, on Twitter or on Facebook. ■

**Southwest Airlines at a glance**

- More than 3,100 flights per day
- All-Boeing 737 fleet, totaling 537 aircraft
- 1,146 CFM56-3 and -7B engines, or 5.5% of the total CFM56 fleet
- 68 destinations
- Each aircraft flies an average of 11 hours and 54 minutes/day
- 1,164 married couples at Southwest

SERVICE

**MAINTENANCE, A BUSINESS FOR PROS**

In June 2009, Southwest Airlines chose Safran as one of its two providers of maintenance, repair and overhaul (MRO) services for the landing gear on the 328 Boeing Next-Generation 737 twinjets making up a large part of its fleet.

The relationship between Messier Services, a Safran group company, and Southwest Airlines, didn't just spring up overnight. "A few years ago, we were already providing maintenance services for the landing gear on their Boeing 737s at our facility in Virginia," notes Ian Longstreth, Vice President, Sales & Marketing at Messier Services Americas. "After this site was shut down, we continued to keep Southwest informed of the deployment of our new facility in Mexico. When the airline issued a request for proposals for its Next-Generation 737s, we invited them to visit our plant in Querétaro. They were immediately interested, and we subsequently won the contract." Messier Services Americas set up a team in Querétaro to implement the processes and technologies needed for certification by the FAA (Federal Aviation Administration) of the United States. The initial three-year contract, with a renewal option, is the first won by Messier Services Americas for equipment

Final inspection of a Boeing 737 landing gear leg before it goes back to the customer.



© Messier Services

not produced by Safran. "We're very proud to rise to this challenge," says Longstreth, "all the more so since we're going to work with an American airline that has one of the largest Boeing fleets in the world! Southwest wanted a partnership that was both open and productive, and based on teamwork – and we met all these conditions!" ■

→ **More**  
For Southwest's view of this partnership, see the Media section on Safran's website: [www.safran-group.com](http://www.safran-group.com)

PROPULSION

**THE CFM LABEL, A GUARANTEE OF PERFORMANCE AND RELIABILITY**

Southwest Airlines is CFM International's largest commercial customer. The two companies have built a solid relationship that continues to grow even stronger with time, says Eric Bachelet, CEO of CFM.

Over the last three decades, CFM International, a 50/50 joint company of Safran and GE, has provided Southwest Airlines with increasingly high-performance engines. "In the early 1980s, CFM hit the market with a turbofan whose design and performance revolutionized the state-of-the-art," recounts Eric Bachelet, President and CEO of CFM International. "The CFM56-3 we offered to reengine the Boeing 737 not only delivered unprecedented reliability, but also fuel consumption a full 20 percent lower than the engine it replaced, and a significant reduction in noise. What is remarkable is that CFM was barely known at the time, since we had very limited experience in the civil aviation market. And yet, Southwest and Boeing jointly decided to bet on our engine!"

**QUICK TURNAROUND**

Thirty years later, Southwest's Next Generation Boeing 737 twinjets are powered by the latest member of the CFM family, the CFM56-7B TI (Tech Insertion), offering even lower fuel consumption and emissions. In addition to their performance, these engines offer proven dispatch reliability – a critical advantage for a low-cost carrier, whose planes have to get back in the air as soon as possible after each landing. "We have a Dallas-based team that focuses on the Southwest fleet," says Eric Bachelet. "And we keep our ears tuned to our customer, whether it concerns their engines' operational performance, maintenance, or, more strategically, the fleet's evolving requirements."

All CFM engines deployed by Southwest have earned the TRUEngine label, concrete proof of their compliance with CFM recommendations. Southwest thus ensures their value, and enjoys a guarantee of top-quality maintenance, repair and overhaul (MRO) services.

CFM has launched the development of a new-generation engine, dubbed the LEAP-X, which



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will be as innovative as the CFM56 was at its introduction. The LEAP-X engine, already chosen by Chinese planemaker Comac, could also make a perfect fit with Southwest's requirements. ■

→ **GARY KELLY**



Southwest Airlines, CEO

**How does the CFM56 fit into Southwest's operations?**  
Southwest placed its trust in the CFM56 right from the start. Today, it's still the sole engine type used on

all our airplanes, which considerably simplifies maintenance operations.

**How would you describe the**

**relationship between CFM and Southwest.**  
In a nutshell, friendly, strategic, and based on mutual trust.

**What does Southwest expect in terms of new engine offerings?**  
We're keeping a very close eye on the proposals made by CFM, in order to follow our business plan and make it even more efficient.