



# Change Leadership at Southwest Airlines

ATD Dallas Chapter Meeting

March 15, 2016

# Today's Agenda

- Change Leadership at Southwest
  - How we formed
  - Methodology
  - Future vision
  - Organizational Impact
- Case Study – International Launch
  - Setting the vision
  - Applying the Change Leadership methodology
- Questions

# How We Formed and Meet Demand

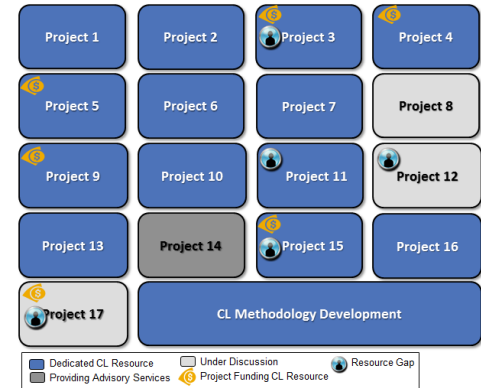


Rapid Rewards

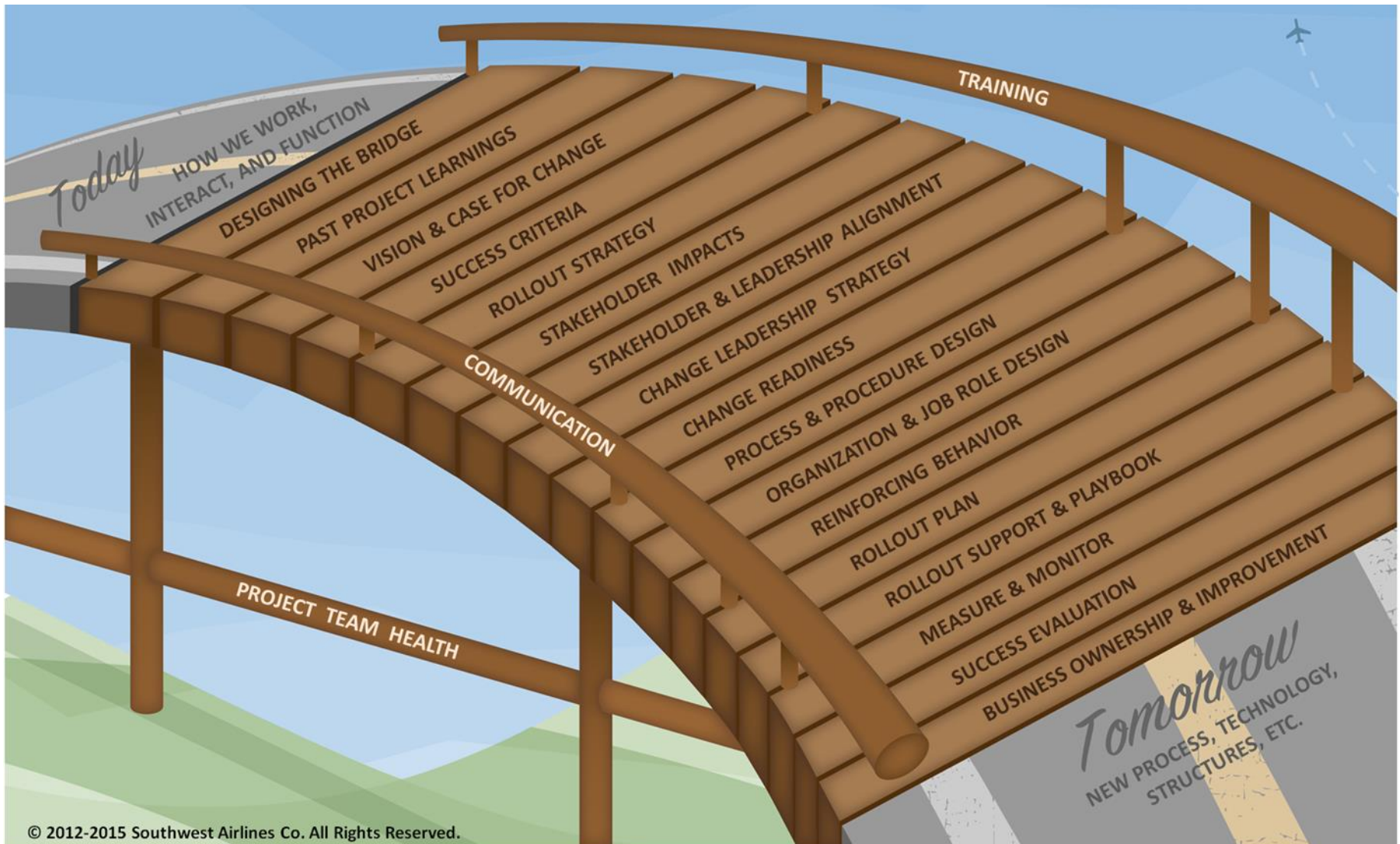


SWA Change  
Leadership  
Team

CL Team Demand



# Southwest's Change Leadership Methodology



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# Change Leadership Team Evolution

To propel Change Leadership at Southwest, we are shifting to the following model:

## Change Leadership Project Delivery

- Focus on delivering CL services on the top Company projects and programs
- Provide input to the CLC to improve the methodology, toolset, and training
- Serve as guest lecturers, as needed, for the CLC
- Provide subject matter expertise to CL Community

## Change Leadership Center (CLC)

- Strive to continuously improve CL methodology, toolset, and training
- Train Employees in other Departments to be Change Agents on smaller initiatives
- Coach Change Agents throughout their projects
- Provide advisory services to smaller efforts without CL support
- Conduct organizational impact analysis

# Alignment of CL within the Company

- Company is organized into three main pillars:

## Commercial

- Network Planning
- Revenue Management
- Marketing
- Customer Service (Call Centers, Customer Relations)

*Where we fly,  
products we offer,  
how we go to market*

## Operations

- Ground Operations (Airports)
- Technical Operations (Maintenance)
- Flight Operations (Pilots)
- Cabin Services (Flight Attendants & Provisioning)
- Network Operations Control
- Labor Relations

*How we run  
the operation*

## G&A

- Technology
- Finance
- Internal Audit
- Culture & Communication
- People
- SWA University
- Legal
- Airport Affairs

*Support  
Functions*

- Typically, individuals on our Team are aligned against one of these three pillars
- Some projects require a full-time resource while others need a portion of someone's time
- A few of our resources are actually imbedded with a portion of the business or within their project



# Our Approach for Equipping Others

The **classroom component** is a three-day workshop, which covers:

- Overview Principles of Change
- Key Capabilities
- Case Study to Apply Learnings

The **coaching component** will provide the learner with support needed to execute the Change Leadership capabilities successfully on his/her first project

## Proposed Selection Criteria for Participants

- Is a high-performing Employee most likely in the Project Manager or Business Analyst job family
- Is supporting smaller-scale projects where we do not currently have Change Leadership support
- Has capacity to attend 24-30 hours of CL training as well as frequent sync-ups with the Change Leadership Team in the six months following their training

# Enterprise Organizational Impacts

Org Impact Factor	Scoring Guidelines					Project A
	1	2	3	4	5	
<b>CHANGE DEPTH:</b> The project has significant impacts on Stakeholders (internal or external), adding significant complexity (manual processes, additional steps, new systems, etc.).	Impact is so minimal that Stakeholders may not be aware that change is occurring		Mid-level impact requiring change but not complete disruption to their job functions		Extremely high impact requiring substantial change to job function, work flow, toolsets, etc.	5
<b>CHANGE BREADTH:</b> The scope of the project spans multiple Departments, workgroups, and/or external Stakeholders.	Scope is contained to a single Department or Stakeholder group		Scope spans several Departments or Stakeholder groups		Scope touches every Department or Frontline group, as well as external Stakeholders	5
<b>EMOTIONAL IMPACT:</b> The project will strike a negative emotional reaction and/or high resistance to change from impacted Stakeholders.	Positive reaction with the vast majority of Stakeholders embracing the change		Neutral reaction with little to no emotional link to the change		Extremely negative reaction and very high resistance to change	3
<b>TIME CONSTRAINTS:</b> The project is under a tight timeline and must deploy ontime to meet Company objectives.	Loose timeline, with no dependencies, that can be re-planned or moved as needed		Flexibility exists within the timeline even though there are some dependencies		Strict timeline that must deploy as planned due to strategic objectives, dependencies to other projects, etc.	5
<b>COMPANY RISK:</b> The project introduces business risk to the organization (e.g., Operational, Financial, Brand / Reputation, Regulatory).	Low risk that is likely acceptable		Moderate risk that can be managed with effective mitigation		Highest risk that incurs an unacceptable risk level (requires executive sign-off)	4
Organizational Impact Score:						4.4



# Fictitious Case Study

**Case Study Question:** Southwest Leadership has identified a new revenue opportunity they would like to implement in Q4 that has major impacts on Group 1, Group 2, and Group 3 with more minor impacts on Groups 4 and 5.

*Is the timeframe feasible from an organizational impact perspective?*

Projects/Programs with Q4 Impact	Org Impact Score	Current CL Coverage	Q4 Organizational Impact by Stakeholder Group				
			Group 1	Group 2	Group 3	Group 4	Group 5
Project 1	3.0	None					
Project 2	1.8	None					
Project 3	2.8	None					
Project 4	4.6	Partial					
Project 5	4.4	Full					
Project 7	3.0	None					
Project 8	4.2	Partial					
Project 10	2.8	None					
Project 11	2.0	None					
Project 12	3.4	Full					
Project 13	2.2	None					
Project 14	2.4	None					
Project 15	4.2	Planned					
Project 16	2.8	None					
Project 17	3.6	Full					
Project 18	2.8	None					
Project 19	2.8	Partial					
Total for Master Plan Projects:			29	18	11	27	26
CASE STUDY: NEW REVENUE OPPORTUNITY	3.8	None					
Total for Master Plan Projects with Case Study:			33	20	15	29	29

## Conclusions

- Org Impact of Opportunity: 3.8
- Q4 is probably not the optimal time to implement since it raises an already Moderate to High organizational impact even higher
- Two quarters later is a much better timeframe to consider since all Stakeholder groups currently show a Reasonable degree of impact

# Case Study: International Launch



# Setting the Vision

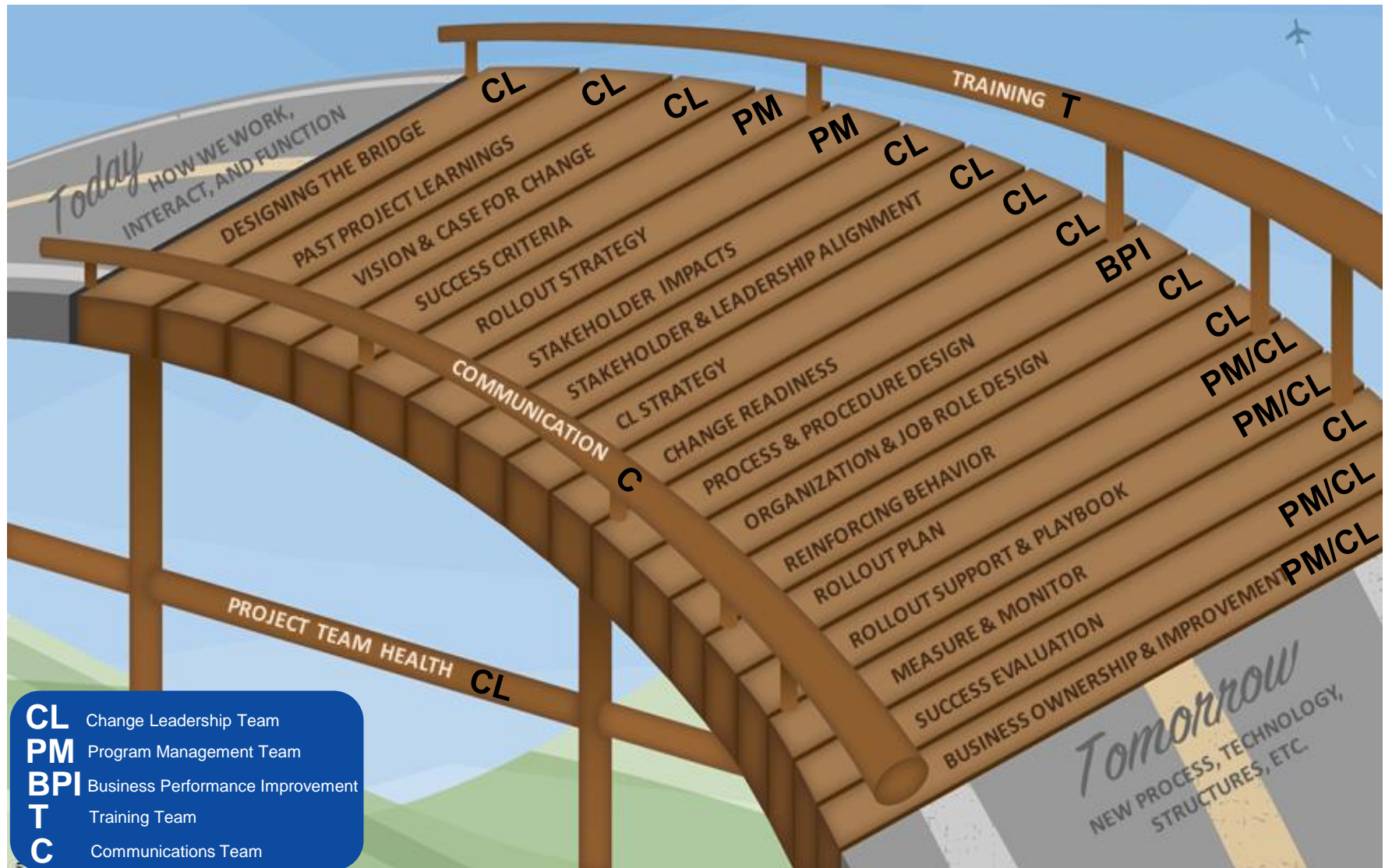
**“The Southwest vision is to become the world’s most loved, most flown, and most profitable airline” – Gary Kelly**

- Acquisition of AirTran Airways served as the entry point
- Building an international sales and operational capability was the most complex undertaking in the Company’s history
- Used Leadership alignment methods to reinforce the vision and establish International as the top priority





# Applying the CL Framework for International



# Past Project Learnings

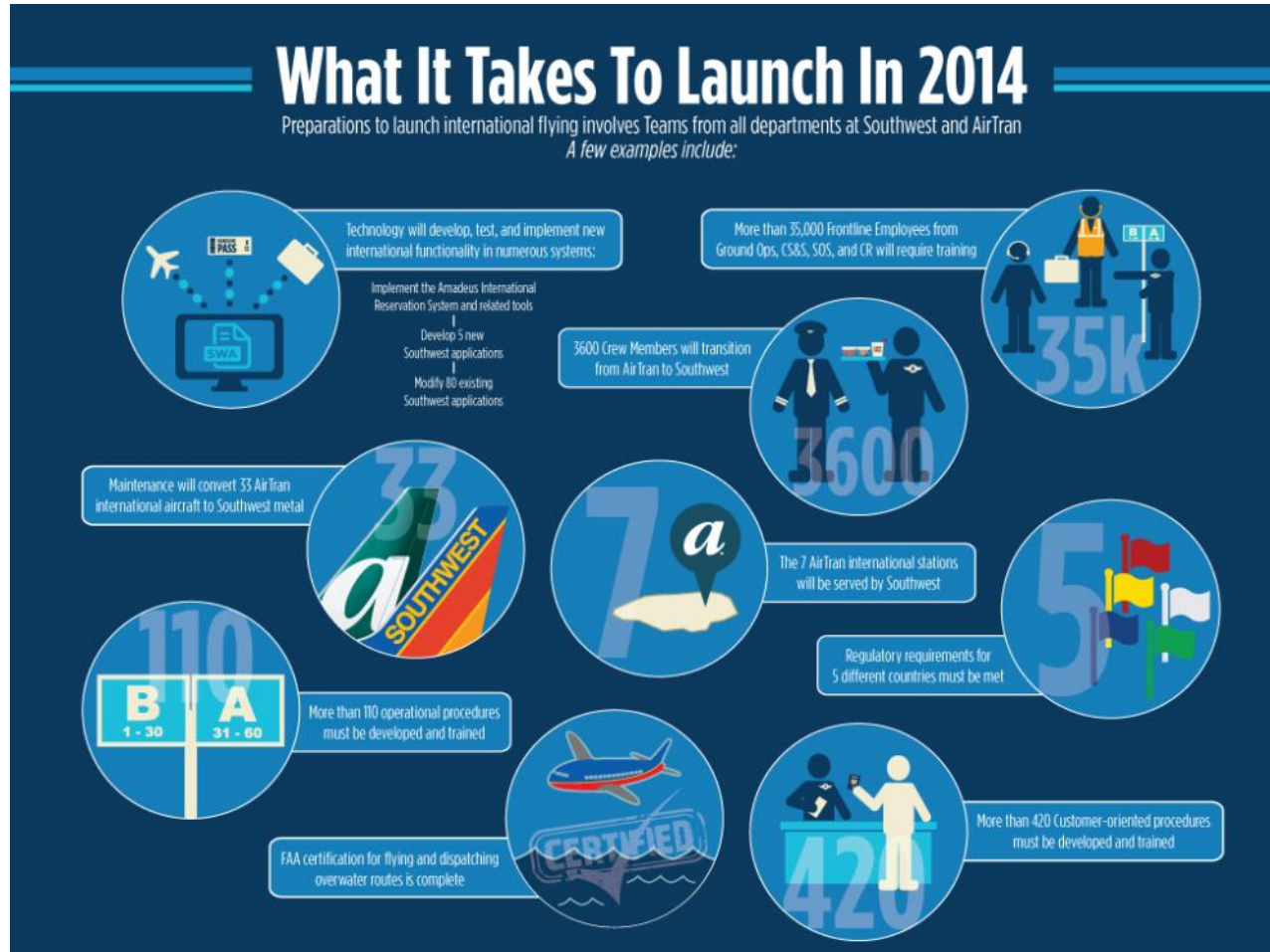
Keeping our eye on best practices and lessons learned helped the Team save time and energy

- Evaluating past projects of a similar size or nature provided a starting point for the Program to apply successful approaches, and avoid pitfalls
- Upon completion of each Program phase, we conducted Lessons Learned sessions which allowed us to measure our success and provide learnings for future phases and Programs

#	Past Project Recommendation	Specific International Application	Notes / Next Steps
1			
2			
3			
4			
5			

# Case for Change

The Case for Change was created to answer the “why” behind International and gain buy in from over 40,000 Employees



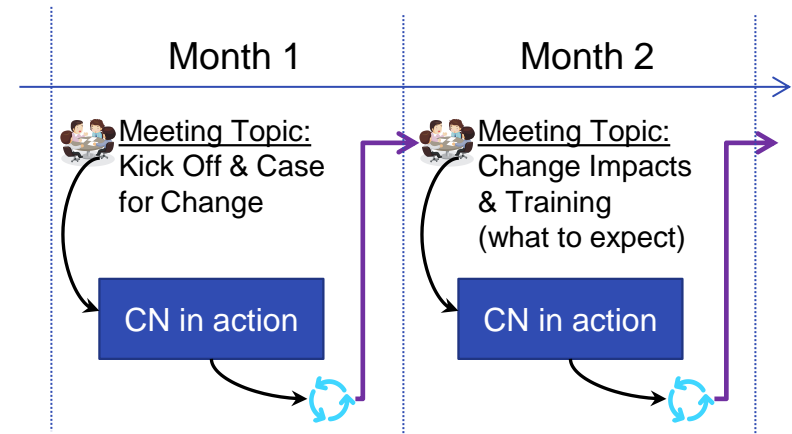


# Stakeholder Alignment: Change Network

## What is a CN Member's role?



## How does it work?



# Rollout Support and Playbook

Developing a plan to support stakeholders during the international sales and operational launches was critical

- A physical 24/7 command center was established, bringing together resources from business groups as well as vendor support
- “The Playbook” (the deliverable we hoped to never use!) was created to pre-identify all things that might not go according to plan, and to provide pre-approval for a plan to address each worst case scenario



# Program Team Health

Significant focus was kept on maintaining a “healthy” Program Team throughout the duration of this multi-year initiative





# A Successful Launch!



# Questions?