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By John Tschohl

Customer experience management has been recognized as the future of the customer service and sales industry. Companies are using this approach to anticipate customer needs and adopt the mindset of the customer. It's a strategy well worth pursuing and an opportunity for any business to turn customer experience into growth and...profit.

In its 45th year of service, Dallas-based Southwest Airlines (NYSE: LUV) continues to differentiate itself from other air carriers with exemplary Customer Service delivered by more than 47,000 Employees to more than 100 million Customers annually. Southwest operates more than 3,600 flights a day, serving 95 destinations across the United States and six additional countries. The reported record quarterly profit of \$691 million, is an all-time quarterly high and represents the 42nd consecutive year of profitability.

At Southwest Airlines they believe that developing a superior focus on customer experience starts with treating their employees well. They put a very high premium on how they treat their people, believing that when they make their employees happy, they will transfer that attitude to the customers. It's one of the reasons their customers keep coming back.

I have tracked the stock performance of several companies and even during the recession years of 2007-2012, customer experience leaders averaged double-digit gains in stock performance, beating customer experience laggards by an impressive margin. Leaders such as Amazon, Apple, Costco, Starbucks, Metro Bank and Southwest Airlines to name a few. They have proven that service and customer experience actually is more effective at enhancing volume and profit. They connected the dots a long time ago and are going to the bank with more customers and impressive profits. Despite these findings, many organizational leaders struggle to connect the dots between customer experience and business outcomes.

Southwest's Purpose is to connect People to what's important in their lives through friendly, reliable, and low-cost air travel. That was true on day one in 1971, and it continues to drive their passion. They work toward Vision-oriented goals to become the:

- Most Loved: Own our Culture, Live our Brand, and Win More Customers
- Most Flown: Deliver Safe, Reliable, Efficient Operations
- Most Profitable: Regain our Low-Cost Leadership to Achieve and Maintain our Profit Requirement

There are a number of principles and strategies I believe we can learn from Southwest Airlines.

1. It's in the customer service business, not the airline business. This is a mindset and paradigm switch. Very few firms realize they are in the service business.
2. It uses technology to increase speed and keep prices very low.
3. It values its employees. This is rare for most firms but a must for service leaders.
4. It uses price to drive business but it is built around service.
5. It is a great place to work.
6. It attracts high-performance employees the cream of the market, because of its reputation.

7. Recognition, not money, drives performance.
8. The marketplace values a service leader.
9. It uses its assets, planes and fuel more effectively.

Their formula for success is Living and Working the Southwest Way. Living the Southwest Way includes showing a Warrior Spirit, Servant's Heart, and FunLUVing Attitude. Working the Southwest Way is to focus on Safety, focus on high Customer Service delivery, and focus on low cost. And, it's still working. The vast majority of its employees are unionized. They've achieved success without resorting to layoffs or pay cuts. And, Employees' dedication shows—they consistently hold one of the top rankings in Customer Satisfaction¹⁹ and have repeatedly been ranked as one of the World's Most Admired Companies by FORTUNE.

Southwest thinks of themselves as a Customer Service company that happens to fly airplanes on schedule and with personality and perks along the way.

The newsletter *Quality Assurance Report* states that only when a company knows exactly what kind of service its customers expect, delivers on those expectations 100 percent of the time, at a price that customers are willing to pay, while still getting an acceptable return, can the company claim to excel in customer service. Southwest excels in the Customer Experience and enjoys an impressive annual profit. ***They've known for years that customer service doesn't cost....it pays!***

*John Tschohl is an international service strategist and speaker. He is founder and president of the Service Quality Institute in Minneapolis, Minnesota. Described by Time and Entrepreneur magazines as a customer service guru, he has written several books on customer service. He just released the 10th Edition of *Achieving Excellence Through Customer Service*. The Service Quality Institute (<http://www.customer-service.com>) has developed more than 26 customer service training programs that have been distributed and presented throughout the world. John's monthly strategic newsletter is available online at no charge. He can also be reached on Facebook, LinkedIn and Twitter.*

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