



Customer-Centric Planning Cleared for Takeoff at Southwest Airlines Cargo

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The top 12 companies in the highly concentrated U.S. airline industry generate about 90 percent of the revenue. Southwest Airlines Co. (NYSE: LUV), an American low-cost airline based in Dallas, Texas, is the sixth largest U.S. airline by revenue, the world's largest airline by number of passengers carried per year (as of December 31, 2007), and operates the world's third largest fleet of commercial aircraft.

Like its competitors, Southwest carries both passengers and cargo. For the past three years, freight has represented about \$130 million of the company's revenue. Gary Kelly, Southwest's CEO, has publicly indicated that the company's goal is to generate more than \$1 billion in additional revenue annually through various sources, such as adding more cargo capability. To support the initiative, the Southwest Airlines Cargo (SWA Cargo) sales and marketing team realized it needed an integrated, measurable and customer-centric plan as well as a repeatable planning process.

Sales and Marketing Flight Plan

Wally Devereaux, Director of Cargo Sales and Marketing, realized the team had solid ideas for what the organization needed to do to accomplish its goals, but there wasn't a focused effort or a well-articulated plan to follow. Previous plans included goals that were very general and lacked performance targets, such as: "grow the customer base," "improve our strategic partner program," and "secure new business."

Devereaux and his team recognized that, without specific objectives with clear performance targets and a well-defined plan of action, it was difficult to know how to accomplish these general goals and to determine what was working. Furthermore, review of previous plans revealed that the team tended to focus on what was important to SWA Cargo and not necessarily what customers needed or wanted.

These challenges were compounded by the fact that the organization didn't know enough about certain elements of its own data to be able to recommend accurate performance targets and specific objectives, strategies and tactics. Working with VisionEdge Marketing, an outside firm familiar with the industry, the team began to tackle creating an integrated sales and marketing plan. Typical to many companies, the team approached the business the same way year after year. Since the business continued to grow, there hadn't been any pressure to change. The team realized that in order to create the type of plan they wanted, they needed to dive into their data, look at it differently, and access more information to get a firmer grip on the market situation and its customers. This helped the team address new questions that hadn't been explored in the past.

Win-Win Performance Metrics

For example, data analysis revealed exactly how long it takes from the time a customer completes an application to the first shipment. SWA Cargo also learned how many customers need to be activated and how quickly, and how many customers need to be retained to achieve the organization's incremental revenue target. The data enabled the team to create more focused marketing and sales programs based on facts rather than just experience and intuition, which helped build consensus for action.

The plan that resulted from the process provides very specific strategies and tactics that are measurable and integrated into an organizational process that will help SWA Cargo stay on track. When the year closes out, the team will be able to measure results and know whether success was achieved.

So how is this plan different? Previously, an objective would have been stated as "develop new customer opportunities." Using the new process, objectives are now framed more specifically, such as "add X number of new customers." With the new plan the organization knows where to focus to augment and gain market share and to diversify their customer base.

Another key difference is that the plan focuses much more on what is important to SWA Cargo customers. As a result of the analysis it became clear where there were new opportunities to connect with customers. For example, the team learned there wasn't a well-defined new customer communication process. While finance sent a "welcome kit" upon receiving and approving the application, the marketing and sales team didn't have a clear process to initiate contact. Individual sales people approached each new customer differently and customers often weren't contacted.

Now there are clear tactics designed to improve customer communication,

including revising the new-customer welcome kit, integrating application data into the CRM system and documenting a new customer contact process for the sales team. Other new tactics: developing and implementing a web-based customer advisory council and hosting a web based feedback survey.

Executive Support

Because the plan demonstrated the team's depth of knowledge about the market and the customers, the leadership team recognized that the plan was based on data as opposed to intuition. The team believes the plan conveys they have a solid understanding of the market and the customer-centric nature of the plan supports the organizations' overall promise to deliver "the highest quality of customer service."

The team recognizes the process made it possible for them to achieve their goal and that the process can be used repeatedly for various planning efforts. And, the measurable objectives and well-defined plan of action has transformed the organization from asking "what can we do" to "how well are we executing."

Pre-Flight Checklist

Feel inspired to embark on the same journey? Here are six key insights of the SWA Cargo team that any company can adopt to ensure success.

- Understand your customer data better; this is crucial to making strategic decisions that affect the future direction of your organization.
- Create an opportunity to your leadership team to provide input and collectively agree on what the future direction should actually be.
- Develop a specific road map as to how you can achieve your desired outcomes.
- Define who is responsible for the key tactics.
- Design metrics to measure both how effective and efficient you need to be to make an impact on the business.
- Establish performance targets for every program in line with these metrics.