

Do You Know Me?

By Bobby Wayne Clark

If you read magazines or watch television, you know Herb Kelleher's face and voice. Thanks to those omnipresent "Do You Know Me" American Express advertisements, you're likely to know that he is the head of highly profitable Southwest Airlines, which has surfed the mighty waves of airline deregulation to expand during the past 23 years from three planes in three Texas cities to nearly 200 planes flying in and out of 41 cities in 21 states.

You might also have gathered that he is an American success story and a legend in the making. Taking life at full throttle all the time, he has emerged from the airline wars in recent years as *Fortune* magazine's (May 1994) cover boy, heralded as perhaps the best CEO in the United States. He is a guru to admiring businessmen, business schools at the most prestigious universities, and others who like his simple philosophy: Give something of value, do right by the customer; work hard, and have fun. He smokes Merit Ultra Lite cigarettes constantly; Wild Turkey bourbon, in substantial quantities, is his beverage of choice.

But who is he, really? Why are so many people talking and writing about him? Why does he make the competition so nervous? Why are his more than 15,000 employees so engaged, so committed?

Herbert David Kelleher '53, despite being a New Jersey native educated at an elite Eastern school, is the "jan-you-wine" article, as one of his fellow Texans might twang it. The San Antonio resident is a no-bullshit straight-ahead kind of guy who has forced airline giants to fight on his terms. An



Herbert Kelleher '53

intellectual, something of a populist, he can quote Aristotle, Joyce, and Alfred North Whitehead in the same sentence. He is wickedly funny, often profane, and ever ready with antics to tickle the popular press. He once arm wrestled his counterpart at another firm for the right to the Southwest name—a match punctuated by cigarette breaks and accompanied by buxom ring girls as if it were a heavyweight championship bout.

His humor is famous. The man whom no one calls Herbert once told a distinguished audience that he

really was good only at one thing—projectile vomiting.

Herb believes that not only is it possible, it is necessary to have fun at work. But he's no touchy-feely type. He simply believes that people who are having fun are going to do better work.

An open and frank conversationalist, he shared some of his thoughts and convictions in a recent interview with Bobby Wayne Clark, Wesleyan's director of public information and publications. Excerpts of their conversation follow.



at Wesleyan was very helpful to him in understanding that the type of paper that was used, the type of ink, the type of paint and so on, were not available in the Renaissance, proving the pictures were not authentic. You can bring your Wesleyan education to bear on every facet of every day, and every experience that you have.

B: Whom do you remember from the faculty during your Wesleyan years?

H: Fred Millett and Tom Henney. Tom taught Shakespeare. He gave me a very good grade on my final along with a little note that said, "Herb, if you ever actually read any Shakespeare, please let me know. But I like the way you write about Shakespeare."

B: Had you read Shakespeare at that point?

H: Just a little; not a lot.

B: Truth?

H: Oh, absolutely. The statute's run. I've read a tiny bit.

English was my major and philosophy was my minor. Professor Cornelius Kruse in philosophy was a wonderful man, a real exemplar for me. I just gave a speech to the Wal-Mart managers on Sunday, and I quoted a few things he said that I think are very important.

He made the point, for example, that happiness and monetary well-being are not goals in and of themselves. They are by-products of doing things well, of striving for excellence, of being satisfied, inside, with your performance. A lot of people make themselves unhappy by treating happiness as a goal, in and of itself, or wealth as a goal, in and of itself.

B: You are something of a philosophical warrior, in business terms. Does that stem from Wesleyan?

H: Well, to take a broader view of it, I wish that I had the power to require that everyone get a liberal arts education before becoming specialized, because I think it gives you a worldview that's very helpful in understanding the synergy of things. Each thing, as Alfred North Whitehead said, affects everything else; no incident, no event, no happening stands alone.

Arthur Vanderbilt '10 told me that he had to try a case where the insurance company he represented was contending that a bunch of supposedly valuable Renaissance paintings consumed in a fire were fraudulent. The contact that he had with the art world

B: You are a lawyer-turned-businessman who is asked to speak to many groups on the nature of success?

H: I talk to a great many groups about innovation, about being an entrepreneur, about the fact that business needs leadership, not managerial skills, not administrative skills, but leadership skills.

After the Second World War we were the world's dominant economic power, and I think that superiority foisted upon us the very large, the very hierarchical, the very bureaucratic, the very cumbersome, slow-moving corporate organizations that we experienced in the fifties and sixties and on up into the seventies. There really wasn't a tremendous lot of competition. You could afford to live in that environment, that very inflexible environment, focused more on form and process, rather than on substance and results, and still survive very well. But the whole world has become a competitive battleground now, and you have to change the way that you function and think: more flexible, quicker, more imaginative, more innovative, more oriented toward leadership rather than managerial skills.

I think that more and more people are coming to realize that is the key to our success. It's less organizationally rooted and more individually rooted.

B: Rooted in workers, in employees, and in one's self?

H: Yes. Exactly.

B: In the popular press, stories have told how you sold tickets, how your pilots pick up trash, and so forth, with the serious point being that your employees feel a sense of ownership, pride, involvement.

H: Yes, those are the words I would use. Involvement, ownership, pride—also participation. I think people in their work lives today are not looking just for sustenance. They're looking for psychic satisfaction.

B: Sociologists and political scientists talk about the decline of institutions and how people yearn for them.

H: Yes, and I think that's right. That's one of the things I've said about South-

west Airlines: You may feel that your country is failing you, you may feel that even your family is not supporting you, but Southwest Airlines will be there for you when no one else is.

B: The heart of your message is the notion of success through a sense of belonging. Do reporters from business magazines explore that?

H: Not too often, really. It's difficult to convey because it's intangible. I keep telling folks that the intangibles are more important than the tangibles. But that's something that comes from the heart, and if you're a quantitative person, it's very difficult to define. I have used the example of the fellow who discovered that ancient Spanish galleon off the coast of Florida. Nobody knew what value to place on its historical significance. That's the way the intangibles are. They're so valuable—so invaluable—that nobody can properly appraise them.

When I was at Yale, lecturing at the business school, one of the students said, "You're really talking about a religion, aren't you?" And yes, I guess in a way I am talking about a religion.

B: Can you relate that kind of secular religion with Total Quality Management as something worth practicing on its own, for success or not?

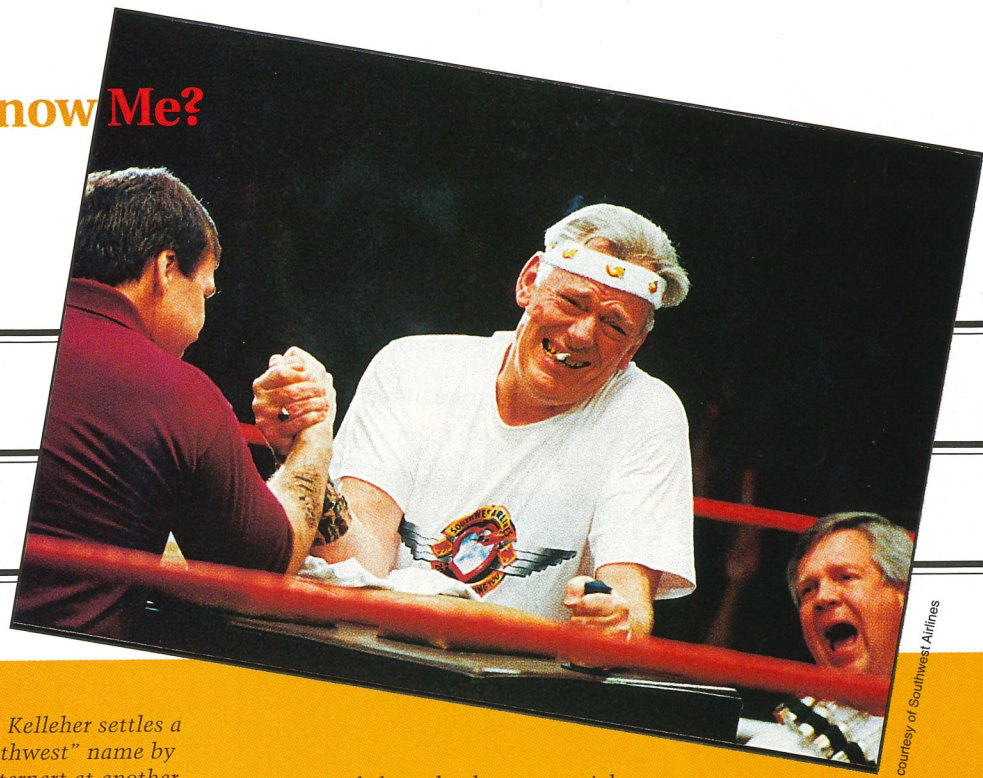
H: Whatever you do, you do it to satisfy an inner desire for excellence or fulfillment. I've known some pretty dishonest pillars of the church and some very honest gamblers.

It's really the inner part that's significant; not the position, not the title. Each person has to be a self-starter, in effect. That's what we're looking for at Southwest. People who do things well because it satisfies them. They have to be idealists to a certain extent. If you're in the service business, you're looking for altruism, too.

B: Are altruistic people in short supply?

H: I think they are. We interview an awful lot of people, probably this year more than 100,000 for about 2,000 jobs. It's kind of a religion with us. If you have a good attitude, we can train you

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courtesy of Southwest Airlines

Forget about lawyers! Kelleher settles a dispute over the "Southwest" name by arm-wrestling a counterpart at another aviation company.

to do anything you need to do here. But if you don't, it's hard for us to change that. All different kinds of people from all different walks of life and educational backgrounds come to us, but, at Southwest, we tend to insist they start out on the line, as a ramp agent, or a ticket agent, or a reservation sales agent, so that they understand the business from the bottom up.

B: Southwest seems to be very popular with pilots, one reads.

H: Yeah, pilots have been real pleased with the stability of Southwest Airlines, the fact that their jobs have not been jeopardized, and that we've never had a furlough in 23 years. They know that we respect them. Southwest Airlines has an enormous pool of pilot-applicants at all times. Our pilots are very special. They're very participative; they're very results oriented. They pitch in to get the job done, whether it's loading bags or boarding customers.

B: You have been at this 23 years. Is it harder to innovate now?

H: I don't think so. Recently some other airlines that are setting up their own emulations of Southwest cast us out of their computer reservation system rather suddenly. Our people came up with our own ticketless system in about a month and a half. That's inno-

vative. And they also have overnight ticket-by-mail for travel agents. For very high-volume agents, they developed our own SWAT system, a computerized reservation system that was installed within two weeks. That's moving pretty fast.

B: There's a lot of jealousy in your business, lots of money, and lots of people look to you to fail if you take on too much.

H: You're right about that.

B: You seem to have managed to avoid taking on too much at once.

H: I think that's a question of balance, again a question of judgment, wisdom. Whether it's the Aristotelian golden mean, or the Chinese middle path, generally I think that's the way to go. You can't get carried away by hubris, egotism, and you must act with the good of the organization in mind, rather than your own personal situation. Really, I think Sam Walton's [the founder of Wal-Mart] definition of the servant-leader is exactly what's needed. That keeps you from doing things that are extraneous to the well-being of the organization as a whole.

B: Your notion of leadership appeals to many people. Can you trace its origins back to your days at Wesleyan? Did you read military history then, for example, since you often refer to military leaders.

H: Yes, I did, and I enjoy it still today. But I read all kinds of things. I just went to the bookstore the other day and bought \$600 worth of books in one

fell swoop, ranging all over the lot. But again, I think that's a product of the richness of the liberal arts education, whether it's a scientific book or anything else.

I'll give you an example: Professor Robert Cohen '43 taught general science at Wesleyan. It was one of the best courses I had, simply fantastic, because it was really about the principles and concepts of science and of philosophy and how they related to one another. Later, I went out and read *The Arrow of Time*. And Stephen Hawking, after reading it, capitulated and said time is not reversible because the second law of thermodynamics prevents it. That kind of thing is fascinating to me, and very helpful, by way of creating synergies.

B: What do you mean when you talk about creating synergies? Is that connected to the liberal arts and gaining energy from connections?

H: Yes, exactly, exactly. You know, it's interesting how it works, even in an explanatory way. If you can search around and find something from some other area that will elucidate and illuminate, it's easy to get your thoughts across. I'm not talking now about action, I'm not talking about a combination that produces something that is greater than the whole—I'm just talking about explaining things, which leads to action. It's very helpful in the airline industry, if you're sending your war planes out, that you take into account the strategic situation. But you

also take into account the psychological situation: What is the psychology of an opposing chief executive? How is he going to view this? What would his emotional reaction be? That sort of thing. You realize that everything is a compound; it's not simple and straightforward. You know, people keep saying: "He's doing that for this reason." I keep telling them, "No, he's doing that for about six reasons." And it's helpful to understand all of them.

B: Including what he had for breakfast?

H: Exactly. And where he went to school. As a lawyer, I learned never to argue a case before a judge without finding out where he went to college, where he was born, where he was raised.

B: Speaking of research, your careful growth has certain limits. For example, you don't fly to Europe.

H: And we still have one type of plane in our fleet, the Boeing 737. It's amazing, though, how long it took people to recognize that. After about 20 years, people started saying things like, "Gee, if you simplify your fleet, you can really reduce expenses." And now most airlines are engaged in doing that.

B: Are the emulators posing a threat?

H: Yeah, I think you have to regard everyone as a threat. I think the serious way to lose is to be self-confident about an outcome. And I think our people will respond very well.

B: How many major carriers will there be by the end of the decade?

H: I'd say probably five. We're the sixth largest now, domestically, in terms of passengers boarded.

B: So you see yourself as one of the final five?

H: Oh, yeah, I have to.

B: Do undergraduates ask you for advice?

H: We get a lot of that. I spend a lot of time with the Texas universities by the way—University of Texas, Texas A&M, St. Mary's, and the University of Texas at San Antonio. That's on an undergraduate level as well as a graduate level. We even have a package that we send out to students. I used to see them in person, and talk to them, but when you're getting a hundred requests a month, you can't do that any more.

B: Do you get many requests from Wesleyan students?

H: No, I don't. There are relatively few

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down here in Texas.

B: More now, and more coming, because demographics are changing.

H: Yes, and I'm real pleased that such is the case. I remember when Colin [Campbell, Wesleyan's 13th president] started coming to Texas. Everybody down here was just dumbfounded.

One year we had an alumni affair over in the new Galleria, where they have this new parking garage. I got everybody lost. We were stumbling through the garage at about 1 a.m. 'Course I was three sheets to the wind, trying to find the damn car, yelling to people across these huge gulfs.

B: The press responds to that unusual, offbeat quality in you.

H: Well, the press seemed to favor the word "zany" for a time.

B: You might not be entirely politically correct on a college campus these days.

H: I'm not politically correct anyplace. I think this politically correct thing is a real blow to the country. It ties everything into a little Viennese waltz, a minuet. It really says you can't discuss problems, because you can't use the words that identify problems, because it's anathema.

B: You've talked about the need for leadership. Do you see that need in other areas, in health or in education, for example? Who's providing leadership?

H: I think that President Clinton has been willing to take on some of the tougher issues that his predecessors kind of skirted and didn't want to confront. I'm kind of pleased with his courage in making these things central issues. That doesn't mean that I'm necessarily pleased with the specific proposals. But I thought his job on the deficit was tremendous. The deficit needs to be eliminated, not just re-

duced, but he took it on. That was a hard fight. The North American Free Trade Agreement—that was a hard fight.

Health care is something that in my opinion needs to be examined. I'm not actually in favor of setting up the largest bureaucracy in the world to administer health care, but I think it's an issue that we do, as people, need to confront, need to debate, and we're doing it.

B: You are a hero to many. Who are your heroes?

H: Arthur Vanderbilt [lawyer, law professor, and 1910 Wesleyan graduate], for sure. He had a very profound and powerful influence on me. Winston Churchill, Franklin Delano Roosevelt, Harry Truman, George Marshall. I've said this before: I was lucky to be young during the Second World War when the world was alive with heroes. People since then haven't had as much of an opportunity. I'm sitting looking at a bunch of my heroes on my walls right now. I've got FDR and Churchill at Casablanca; it's a sepia photo, really a fabulous one. I've got Jimmy Doolittle and George Marshall, Harry Truman, the Wright brothers. I've got, hanging from the ceiling, a copy of the *Los Angeles Examiner* the day that FDR died, with a photo of FDR on one side, and Truman on the other.

B: The world seemed to be split then between FDR lovers and haters.

H: Absolutely. Unless you have some sense of the thread and the rhythm of those times, it's impossible to evaluate FDR. His legacy lived on too long, I think. But every president that followed him, whether Republican or Democrat, kind of acted or thought like FDR for a while. Reagan was the first real departure from the FDR legacy, in the sense that he did not view government as the panacea and answer for all of the world's problems.

B: Are you an appreciator of Reagan?

H: I liked his philosophy in that respect, because I, myself, do not believe that government is the be-all and the end-all insofar as solving all the world's problems is concerned. We need to depart from the idea that government is going to relieve all of us of our individual responsibilities. Dostoevsky said that a nation reforms itself only by each individual person reforming his or her soul.

B: Yet that is a very American philosophy?

H: Yeah, it is, it is. And I think it's true.