

When it comes to observing CEOs of large companies over past decades, the obvious reality is that they come and then they go in a huge, complex economy like the U.S. And, make no mistake, the overall task of the CEO of a sizable organization is no simple thing. The integrated knowledge needed...the skills...the perseverance—yeah, those key essentials and the impact of a truly strong CEO simply can't be overstated.

But only a relatively few leaders truly stand out in a legitimately legendary way to a very large number of people who actually experienced that CEO's everyday impact—even though that impact was often second-hand. In fact, that's a very key point: *we most often experience the best leaders through the folks they are leading*. And today, we're going to talk about just such a business leader who captivated a whole lot of folks with his substance, style, and impact filtering through the organization on several levels. Southwest Airlines CEO Herb Kelleher was that kind of guy—a leader with real substance but with a special twist...he was one of the most colorful and popular leading executives ever! And in Southwest's birthplace in the state of Texas—where many think Texas is its own *nation*—only a big personality can be pretty universally known, let alone admired. Let's take a look at Kelleher, with a shout out to a great book by authors Kevin and Jackie Freiberg telling an engaging narrative of the early decades of Southwest.

The bald truth is, Southwest Airlines clearly wouldn't even exist today if Herb Kelleher hadn't been involved from the beginning. Sure, it was key that Herb was one of three cofounders of Southwest...but more importantly, he was also Southwest's very able, persevering lawyer, at the very beginning. And wow, did Southwest Airlines uniquely need Herb those first few years! Here's what happened...

Southwest's original, founding, baseline vision was to serve three cities in Texas: Dallas, San Antonio, and Houston. The goal was flying among the three cities with pioneering low-cost, high-convenience service, mostly serving the traveling business community. Because the cities chosen were located only in Texas, Southwest could avoid many onerous Federal regulations imposed on the airline industry. Immediately, three major airlines—Continental, Braniff, and Texas International—threw all kinds of legal obstacles in the way of Southwest...trying to make sure Southwest's vision *literally* would never get off the ground!

And for four long years, it worked—it was Herb against a whole of gaggle of attorneys and government players of various stripes. Political obstacles...lawsuits...the whole shebang. Southwest lost, then appealed and lost again. Money ran very low. Southwest's board members largely lost heart. In response, Kelleher said this: "Gentlemen, let's go one more round with them. I will continue to represent the company in court, and I'll postpone any legal fees and pay every cent of the court costs out of my own pocket." The board agreed...and the Texas Supreme Court overturned the appellate court. *Southwest could now fly!* Even so, the three competitors then took it to the U.S. Supreme Court, but it refused to hear the case.

But the legal wrangling and politics still weren't over, with future litigation going to the U.S. Supreme Court. And, later, the powerful U.S. Speaker of the House Jim Wright worked diligently to confine Southwest's geography for doing business. But Herb Kelleher persevered and sacrificed in all the ways that matter before Southwest ever got a plane in the air. The weird reality is that Southwest essentially had no need for an operational leader for four years while Kelleher was at the helm fighting for the right for Southwest to fly even one airplane. Ironically, those three competitors had been right about Southwest being a threat...those airlines are now just fading names in U.S. aviation history.

Here's what Herb said about that crucial window of gestation of Southwest: "I think my greatest moment in business was when the first Southwest airplane arrived after four years of litigation and I walked up to it and I kissed that baby on the lips and I cried." That's Herb Kelleher. *Competent...committed...colorful*.

Then, crucially, a capable, wily, and tough airline industry veteran named Lamar Muse became CEO, and Southwest started its roller-coaster early years of creating and sustaining its low-cost, consumer-friendly adventure. Braniff and others tried their best to compete and, at times, Southwest was really on the ropes. Still, the company prevailed...but Lamar Muse was in conflict with one of the other cofounders. Muse left Southwest and started a competitor named Muse Air—which was eventually acquired by Southwest!

The next CEO was William Putnam, another very capable industry veteran, but he was soon recruited by the now-failing Braniff—the airline who tried to block Southwest from the beginning! Ironically, by Putnam’s own testimony, he was now being hired by Braniff to implement the principles and practices of Southwest’s success. But that was too little, too late—Braniff was toast. And that proved that its early assessment was correct: again, Southwest was to be a real threat to Braniff and other competitors.

In one of our earliest podcast episodes, we related the delicious, long-told story of Kelleher’s Southwest sending employees to the Indy 500 to benchmark how to best move big aircraft in and out of passenger-loading gates very quickly. Whether that specific version of gate management is fully authoritative or not, Muse and Putnam were instrumental in operationally implementing a mindset targeting efficiency and very low costs, including turning a commercial airliner around in far fewer minutes than any of the major airlines. Along those lines, Putnam was reportedly asked what the greatest thing he ever did for Southwest Airlines, he answered, “I didn’t implement anything I learned at United!”

During these years, Kelleher clearly absorbed much from these astute CEOs preceding him as he served alongside as the legal counsel for Southwest. He then served as President, CEO and Chairman from 1982 to 2001, a very long tenure in a very high-stress industry. And you want to talk great stewardship? Southwest boasts on its website that “during his tenure, Herb Kelleher produced the highest return to shareholders of any company in the S&P 500.” Yeah, the legal eagle who fought Southwest into existence was also a leading businessman serving stockholders very well on a sustained basis....as well as anyone in history under relentless public scrutiny!

But that only captures one side of Herb, who gloried in the employees of Southwest. He said this: “Your people come first, and if you treat them right, they’ll treat the customers right.” Far more than his slogan, Kelleher lived that fully—to the delight of thousands of Southwest employees. That’s key. In a business where many customers who travel often feel at liberty to abuse those serving them, Herb constantly stood for his employees first. And that support liberated Southwest’s employees *themselves* to serve customers very well. Frankly, Herb was and remains truly beloved to many. How many business leaders can say that?

Probably more than anything else, Kelleher was known for having fun and loving folks—he was known internally as “the High Priest of Ha Ha.” Legendarily, Southwest and another aviation CEO settled a slogan dispute with a well-attended arm-wrestling match in professional wrestling style, cheering fans included. Dispute settled. No lawsuit. No kidding. Fun loving? Kelleher. Costumes? Kelleher. Parties? Kelleher.

Hey, Southwest started and remains at historically-named Love Field in Dallas—and its symbol on the stock market is actually LUV—chosen deliberately as representing the company’s culture. The red-heart motif is pervasive everywhere at Southwest. And the service and fun attitude of the Southwest culture is itself legendary in that very image. Imagine having fun in the workplace, most everyone working to operate in real community. Here’s another famous Herb quote: “A company is stronger if it is bound by love rather than by fear.” Imagine that!

Here’s a very key word about Southwest: especially in the Kelleher years, Southwest’s culture treasured common sense, not rules, when serving others—whether it was fellow employees or customers. Sounds like the writer of the letter to the Hebrews about the New Covenant being the better covenant, doesn’t it? Hebrews 8:6: “But as it is, Christ has obtained ministry that is as much more excellent than the old as the covenant he mediates is better, since it is enacted on better promises.” *Yes, love is better than rules.*

You see, instead of a number of “thou shalt nots,” Christ fulfilled the law on our behalf and has directed us with a couple of amazing “do’s” of love instead of a bunch of rules of “don’t”—yeah, moving from lots of rules folks can’t really keep to simply working to love God and love others...whether believers or not.

You gotta *love* that! Hey, maybe Herb Kelleher took a major cue from the Kingdom of God!

A&A: Application & Action

1. Herb Kelleher was known for fun and love...but also for serious service to employees and customers at Southwest! How's your workplace enterprise doing in comparison to that? Discuss.
2. Do you think it's as possible to run a company in the current era the same way that Herb led Southwest Airlines for decades? Discuss.
3. Does your church and do you fully embrace and work to live out the better covenant that Christ mediates for us as believers as the New Covenant—one based upon the Cross and love rather than the "unkeepable" rules of the Old Covenant? Discuss.