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SMITH SCHOOL NEWS

Executive Conference on Leading Organizational Change: Speakers Say Focus on People to Affect Change

The months after terrorists used planes to attack the United States on Sept. 11, 2001 marked a low point for the nation's airlines industry. Most suffered deep losses in profits and had to lay off large numbers of employees. But Southwest Airlines rose above the rest, without reducing its workforce or cutting pay. The company's success lies in its organizational culture, said former CEO James Parker, in his keynote talk for the daylong Executive Conference on Leading Organizational Change.

The Nov. 14, 2008 event, hosted by the [Center for Human Capital, Innovation and Technology](#) at the Robert H. Smith School of Business, brought together business leaders, faculty and students, who heard from Parker and others on how to affect change within an organization – a message especially relevant in the current environment where economic turbulence is setting off change for many companies.

Parker spoke about Southwest's unconventional strategy of putting employees first and his trying time at the helm during the aftermath of Sept. 11 and the three years following. Not only did the airline pull through, it even turned a profit in the closing quarter of 2001 and the first quarter of 2002, holding up its record 38 years of profitability. So how'd they do it?

"The real secret ingredient of Southwest Airlines success was its people - dedicated employees who had created a bond between the company and its customers," Parker said.

If you can create a sense of engagement among employees, you can create organizational change, he said. He urged business leaders to create a culture where people want to do the right thing - not just from an ethical standpoint but from a business standpoint. "You can't make people do the right thing, but you can make them want to do the right," he said.

Of course there are other elements to the continued success of Southwest – competitive low-cost structure, operational efficiency, a cost-driven rather than revenue-driven structure – but the bottom line for the company and the key that underlies its strategy: people who enjoy their work create a better company. Employees who believe in the

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mission of the company create customers who love that company and sustain its long-term success. The thought is happy employees will create happy customers, which breeds good business and creates happy shareholders

Mary Tilley, of W.L. Gore & Associates, echoed many of Parker's points in her presentation that rounded out the morning portion of the conference. Gore – maker of Goretex fabrics, and aerospace, automotive, electronic, chemical and medical products – is another company known for its culture that, like Southwest, focuses on employees. Key elements of the company's culture are developing individual's strengths and talents and aligning those with their job functions and encouraging the collaboration of small teams. Each person at Gore has another employee as a "sponsor," a mentor that focuses on that person's professional development. The company is set up to foster innovation and reward employees for contributions.

Focusing on people within an organization was a key message throughout the conference, which also featured speaker Ralph Trombetta, of Value Innovation Associates, and a panel of change experts. All shared their inside experiences in effectively leading change within a variety of different organizations. In addition, Smith's Subra Tangirala, assistant professor of management and organization, offered a summary his latest change research on employee silence and the action steps that leaders can use to apply this knowledge to change in their own organizations.



Center for Human Capital, Innovation and Technology: www.rhsmith.umd.edu/hcit

Carrie Handwerker, Office of Marketing Communications