

Testimony of Bob Jordan
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Good morning, Chairman Shuster, Congressman DeFazio, and other members of the Committee. My name is Bob Jordan, and I am the Chief Commercial Officer for Southwest Airlines.

I joined Southwest in 1988 and have spent a good portion of my career working to improve the Customer Experience for those who choose to fly our airline. I am happy to be here today, and hopefully I can provide helpful information regarding various issues related to airline Customer Service.

Before I comment on the key issues that this hearing is trying to examine, let me provide a few quick facts about Southwest.

Southwest started with three Boeing 737 airplanes in 1971, serving Dallas, Houston and San Antonio – the so-called “Texas Triangle.” Today, Southwest has become the largest domestic airline in the United States, with service to 101 airports and carrying more than 120 million passengers annually.

We employ nearly 54,000 people in the U.S. and operate a fleet of around 725 Boeing 737s. As a nearly 30-year Southwest Employee, I am most proud that Southwest has never had an Employee layoff or furlough during our 46-year history and has provided our People with annual profit-sharing for 43 straight years.

A core principle of Southwest Airlines – dating back to our creation by our Founder, Herb Kelleher – is that, as a general rule, if you treat the Employees right, they in turn will treat the Customers right. In other words, happy Employees make happy Customers, who in turn help to make happy Shareholders.

So, while this hearing is about Customer Service, it is important to recognize that airline Employees at airports and in airplanes have fast-paced and Safety-critical jobs, and their wellbeing is the foundation of ensuring a high-level of Customer satisfaction, as well as a safe operation.

With regards to Customer Service specifically, I would like to focus on another longstanding, core principle of Southwest Airlines, which is our official corporate Purpose. That is, “Our Purpose is to connect People to what is important in their lives through friendly, reliable, low-cost air travel.”

It is this Purpose which is at the heart of everything we do at Southwest. Each and every day, we endeavor to provide to our Customers with friendly, reliable, and low-cost air travel.

Southwest has made great strides in all three areas in recent years – including a major Companywide focus on improving Hospitality and encouraging greater Civility – all the while understanding and appreciating the fact that there is always room for improvement. And, despite the best laid plans, our Company is not perfect and mistakes happen.

With our corporate Purpose at top of mind and the need for continuous improvement in a very competitive airline environment, we recently announced that, beginning on May 8th, Southwest will no longer overbook flights.

Southwest's recent decision regarding overbooking is the result of many factors, many of which are unique to Southwest.

First, we have been in the midst of a major upgrade of our reservation system – which we call OneRes – the final components of which will be launched on May 9th. OneRes is by far the most ambitious technological enhancement program we have ever pursued.

With OneRes and related investments, we have greatly improved our forecasting capabilities regarding which Customers will actually show up for a flight. Without OneRes, our overbooking decision would not have been possible.

Also, historically, Southwest has had a comparatively high “no-show” rate. That is because we do not charge a change or cancelation fee and, prior to a few years ago, any Customer could simply not show-up for a flight and still have a full credit for future travel without paying any penalty.

A few years ago, we “incentivized” Customers traveling on our *Wanna Get Away* fares – that is, on our nonrefundable tickets – to cancel their plans before the boarding door closes or risk losing that fully usable travel credit. Because of that change, our “show” rate has increased to an historic best.

Finally, although we have been taking steps over the past several years to reach this goal, the recent scrutiny by the traveling public related to overbooking presented us with a reason to review our procedures and to move forward with the change.

As I said earlier, we are continuously searching for opportunities to improve the services we provide to our Customers and discontinuing the practice of overbooking supports that mission, and it completely consistent with our other Customer-friendly policies, such as Bags Fly Free, no change fees, points that never expire, and unlimited reward seats.

It is important to note that there will still be oversold flights on occasion – strictly for operational reasons on the day of travel; however, we will no longer overbook as part of the selling process.

Again, this doesn't mean flights will never be over-capacity. Occasional operational challenges – such as a weight-and-balance restriction, a smaller replacement aircraft, an inoperable seat, or a disabled passenger who may need two seats – will have our airport-based Employees asking for volunteers. However, overall, we expect denied boarding situations to be reduced by roughly 80 percent as a result of this change.

In conclusion, thank you for inviting me to testify today. I am happy to answer any questions you might have.