



CASE STUDY

Southwest Airlines Sees Greater Hiring Efficiency and Reduced Costs by Not Outsourcing Their Brand

Southwest[®] 

Southwest's senior manager of the people department shares how an IMP aligned with the company's focus on culture while providing tangible results.

Headquartered in Dallas, Texas, Southwest Airlines is a major U.S. airline and the world's largest low-cost carrier. Originally established in 1967 as Air Southwest, it adopted its current name in 1971. The airline has approximately 46,000 employees and operates more than 3,400 flights per day.

Greg Muccio, senior manager of the people department, says that Southwest Airlines is "a customer service business that just happens to fly planes."

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THE CHALLENGE:

As Southwest grew over the years, so too did its use of contingent workers for everything from professional services to cleaning crews. Oversight was decentralized, and managers in various cities were performing the same tasks and using the same suppliers, but not communicating with each other; this redundancy was costing time and money.

"Culture is king for us," Muccio emphasizes. "And it's maintaining that culture that makes it impossible for us to outsource our contingent workforce program, which includes about 600 people per year."

The external managed services program (MSP) that Southwest used was not screening the candidates from the suppliers, and many were just not good cultural fits; in addition, they struggled to be truly strategic partners.

Success only came from buy-in of the internal managed program (IMP) and having it run by Southwest employees who were known to have the company's best interests at heart.

Muccio indicates how difficult, if not impossible, it is to properly communicate a culture to a third party such as an MSP or RPO. There must be a direct line of communication to vendors to truly convey the culture's intangible needs: "It just has to come from within," he insists.

In addition to culture, Southwest had other challenges in dealing with MSPs:

- Inconsistent processes
- Lack of compliance
- Cost
- Time to fill

The next step was to figure out a way to sell top leadership on the idea of implementing an IMP.

"Their biggest concern was 'could we handle it?'" Muccio notes. "Once we convinced the CIO that we could outperform our MSP, we got buy-in."

THE SOLUTION AND BENEFITS:

Southwest first started the process by implementing a vendor management system (VMS) software where it could list job openings and where contingent work suppliers could submit candidates and rates.

"It's still evolving. The world of contingent work doesn't seem to follow a steady path for long," Muccio comments.

Once a solid VMS was in place, Muccio says he and his team made their move to put together an IMP that would work best for Southwest. They approached it as if they were forming a business within a business. Currently, the IMP team includes one manager, four recruiters, one analyst and three coordinators.



“We pulled together a team of people who closely understand our culture and, in turn, we have created value for the company,” he states. “We operate like an outside business, but we work from within. The learning curve was really not that steep. The most challenging part of running an IMP is the constant tweaking and evolution that needs to happen to keep up with hiring trends.”

Today, Southwest enjoys many benefits of its IMP. One of the top ones include cutting its time to fill in half from about 42 days to 21.5 days, increasing its hiring efficiency and reducing the cost of vacancies.

“This time to fill has really resulted in a significant cost savings that we are really proud of,” he praises.

Compared to year over year, Muccio reports that Southwest has also reduced the number of interviews by half for its hiring managers. Now that recruiters have a direct line of communication to suppliers, they are able to better communicate the company’s specific needs. This results in hiring managers regaining about 40 hours per month. That time savings translates financially to about \$60,000 to \$75,000 per year, and Muccio believes that metric is actually conservative.

Moreover, the types of contingent workers are much better. Why?

“Well, recruiters now meet directly with suppliers, screen resumes and conduct both phone and in-person interviews,” he informs. “As a result, our hiring leaders get to see the cream of the crop and the process is really much faster. Not only have we saved time and money, but we have hired more people too.”

Southwest’s metrics show that the quality of hire has increased dramatically because the number of replacement backfills has been reduced significantly.

“We are a heavy relationship-based organization and having an IMP just makes sense for us,” he says. “People and culture – it’s what we’re all about. You just can’t outsource a brand like that.”

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THE BOTTOM LINE:

Southwest Airlines focuses on company culture and the customer experience; it believes that the two go hand in hand, which is why it values the IMP. Southwest is working to bridge the gap between the two, and it's working — in more ways than one.

ABOUT EVERHIVE

At EverHive, productivity is our passion. As Vanguard of the global workforce, we're one of the few companies in the world guiding top-grossing corporations in maximizing their contingent worker programs. That's because we're leading the way in analyzing complex global market trends surrounding Total Talent Management, and understanding the harsh realities that all companies must face in remaining competitive in today's rapidly changing and interconnected economy.

EverHive offers a progressive MSP model to keep the power where it belongs – with your own company. We work with your internal thought leaders to assess and build an internal management process that fits your company, your culture, and – ultimately – your bottom line.

EverHive and its team have armed some of the largest companies in the world with the tools they need to successfully manage their contingent talent. It's time for your company to realize the same tools for success.

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