

WestJet's Profitability Secret



The spirit of WestJet started less than a decade ago, based on the model of friendly service and flexible efficiency developed by Southwest Airlines in Dallas, Texas. Today, WestJet is North America's second most profitable airline (just below Southwest's profits) and is Canada's second largest airline, with regular routes to two dozen communities from coast to coast.

How did WestJet become so successful in such a short time? One reason is that WestJet's employees (called Westjetters) are a motivated and performance-focused bunch. Everyone is rewarded for the company's success through profit sharing and stock options. The average employee recently took home Can\$9,000 based on six months of profits. Most WestJetters are also stockholders, thanks to a generous stock ownership plan. "We've got employees who own the company, whose interests are directly aligned with the interests of the company," says WestJet chief financial officer Sandy Campbell.

Another reason for WestJet's profitability is employees who perform a variety of tasks. For example, flight attendants double as reservation agents and pilots sometimes help clean up the cabin between flights. As a result, WestJet operates with about 59 people per aircraft, compared with more than 140 at a typical full-service airline.

WestJet also avoids an intermediate layer of supervisors, giving staff more freedom to make decisions. "We empower our people to do whatever it takes to satisfy a customer in their best judgment," explains WestJet sales manager Judy Goodman. "Whatever they think is appropriate, they are free to do." This may explain why WestJet has about 20 percent market share in Canada, yet receives only 0.3 percent of all complaints submitted by airline passengers to the Canadian government.

Companies can learn from this example, rewards, job design, empowerment, and self-leadership play a large role in organization success.

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