



# Improving the Bottom Line

By Mark D. Sauter, author, *Bringing Meaning into Monday™*

Every airline struggles to make money except one: Southwest. While virtually all major airlines resort to price increases and/or cost cutting and downsizing in order to survive, Southwest is the only major airline in the world that has made money consistently every year *for over thirty-years!*

Much of the credit for Southwest's sustainable success is directed toward the vision, charisma and leadership of former CEO Herb Kelleher, all of which is well deserved. More attention, however, should be directed at *what* he did versus *who* he was. It would be extremely difficult to replicate Kelleher's personality and vision; yet his approach is reproducible. He appropriately aligned Southwest Airlines (e.g., processes, structure and measures) around the value they intended to deliver to their targeted customers – short distance business travelers.

Following a similar approach, a materials supplier, by redefining their value proposition, tripled their growth rates, and a metal goods manufacturer was able to increase annual revenues by eighteen percent and profit margins by fifty percent by realigning their operations and targeting customers who valued a mass customization approach.

## Managing Value

Most leaders are well schooled on various routes to improve financial performance. They are comfortable utilizing traditional tactics, such as productivity and process improvements, optimizing supply-chains, outsourcing and restructuring. While each tactic yields an improvement to the bottom-line, few improve the overall quality of the work atmosphere; in some cases just the opposite.

People, by nature, want to do the right things; the key is for their organization to determine the right-things. People will be more receptive and responsive to the demands of continual change when they see it in response to the evolving needs of the marketplace versus simply the internal demands of their boss or organization.

Increasingly organizations are respecting the value of the relationships they have with their customers. It is getting more and more difficult and expensive to attract new customers and far more effective and profitable to treat the ones they have better. Unfortunately, many organizations are going broke trying to achieve it. They have improved their ability to listen to the voice of their customers; however, they are finding it is very difficult to respond to it ... *profitably*.

The issue has less to do with over-demanding customers and more to do with an organizations *inability* to differentiate their importance. In many cases supplying organizations tend to over serve some customers while under serving others. Not all requests or demands are of equal value, nor are all requestors of equal priority. Knowing the difference allows supplying organizations to direct innovative efforts toward higher value priorities. Channeling creativity and simultaneously improving resource utilization and profitability. Serving customers is not about responding to everything they want, it is being able to understand what they need and value; knowing when to say yes and when to say no.

Leaders who are capable of aligning their work practices and mindsets around the ever-changing needs of their customers and/or fellow coworkers will discover a perpetual source of organizational improvement, in terms of profitability, innovation and employee motivation. Employees will become more empowered as they proactively assume responsibility for their own fate by continually assessing and refining the value they, or their team, offer to others – customers and coworkers. By shifting emphasis toward value delivery, people are more inclined to work collaboratively with others in order to increase the value they can collectively deliver. As a result, dramatically improving their odds of sustainable success in today's turbulent world.

As author Thomas Freidman outlined in *The World Is Flat: a Brief History of the Twenty-first Century*, a new world is rapidly forming, driven in large part by today's global and interconnected marketplace, therefore success, actually survival, awaits those people and organizations capable of adapting to it. *Bringing Meaning into Monday™* offers a process that can help organizations achieve it.

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