



## SERVANT-LEADERSHIP—BRING YOUR EMPLOYEES TO THE TABLE

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DIVERSITYINC

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A corporate culture built on devoted loyalty, where employees willingly turn over a portion of their pay to help their company survive economic hard times, seems unlikely these days, especially in the highly competitive airline industry.

U.S. Airlines faced an economic crisis after the Sept. 11, 2001 terrorist attacks that still has repercussions evidenced today by strikes, massive lay-offs and bankruptcies exacerbated by rising fuel costs. But amid the economic wreck of the airline industry, Southwest Airlines is proving a success. The company attributes a large part of that to a leadership style that serves its employees and encourages them to make decisions and take ownership.

“Here, employees are first, then the customers and then the shareholders,” says Southwest Airlines spokesperson Ed Stewart. “If you mistreat your employees, what kind of customer service do you expect to give?”

Stewart echoes a core belief among a growing number of companies

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that practice servant-leadership, a style in which employees aren't only driven or motivated by financial incentives. Servant-leadership requires that company leadership place the employees' needs above its own. It is a leadership style in which employees have a stake in the company's well-being and in which their voices and actions on strategic decisions are sought out and valued.

Proponents of servant-leadership believe companies increase their competitive advantage and profitability when they embrace the holistic well-being of employees. And Southwest is a primary example. The loyalty such respect draws could be seen when Southwest employees sacrificed part of their paychecks to help the airline after it encountered high fuel costs during the Gulf War.

Starbucks Coffee Co., Marriott International, Men's Wearhouse, Allstate Insurance Co. and TDIndustries are among the other major U.S. corporations that have embraced this management philosophy and attribute success to it. Robert K. Greenleaf, a former AT&T executive who coined the term "servant-leadership" in the 1970 essay "The Servant as Leader," drew inspiration for his ideas from his Quaker beliefs and cites religious leaders who preached universal principles of service, such Christ, Buddha and Mohammed. Greenleaf also authored two books, *Servant-Leadership* and *Teacher as Servant*.

#### IS IT A RELIGIOUS MOVEMENT?

Some servant-leaders find common threads between their individual religious beliefs and the underlying principle of service that defines servant-leadership, but religion is not a necessary element for servant-leadership. Larry C. Spears, president and CEO of the Robert K. Greenleaf Center for Servant-leadership, says Greenleaf formed his ideas about servant-leadership by borrowing two principles from his Quaker upbringing—the power of group persuasion and consensus decision making over an autocratic hierarchical style and by listening to and valuing what others have to say.

The number of major companies that practice servant-leadership and



call it that increased from one in 1970—TDIndustries—to about 10 today, Spears says. Many smaller healthcare institutions, colleges and universities as well as individuals practice servant-leadership, Spears says.

Greenleaf understood the importance of profitability for a company's survival, but believed that overly focusing on short-term gains was a bad strategy for long-term stability.

"It's hard to make the case that you're a servant-leader if your sole focus is on short-term gains for shareholders to the exclusion or detriment of employees and customers," Spears says.

Shann Ferch, editor of the *International Journal of Servant-leadership* and professor of leadership studies at Gonzaga University in Spokane, Washington, describes servant-leadership as having broad appeal because it doesn't come from an "elitist" culture. "Servant" does not mean "sub-servient, but one who serves humanity," he says.

"It takes the power out of the hands of the powerful and creates what Greenleaf called legitimate power," Ferch says.

That legitimate power derives from employees who feel empowered themselves.

Paul T.P. Wong, a professor of counseling psychology at Trinity Western University in British Columbia, says servant-leadership is about leaders ensuring that their employees reach their full potential. Humility, as opposed to the arrogance displayed by former corporate leaders from disgraced companies such as Enron and WorldCom, is a key component in how well a leader connects with his or her employees.

Wong also supports the idea that servant-leadership is a style separate from any particular faith. Most organized religions are based on an authoritarian hierarchy contrary to servant-leadership's principles that seek a consensus.

"The fact that some Christians say they are servant-leaders does not mean it belongs [solely] to Christianity," Wong says.



## STARBUCKS' SUCCESS STORY

Starbucks officially introduced a servant-leadership program to its partners in 2003 and point to it as a key component in its profitability and success. The idea is simple—keep customers happy and they will visit your store and buy more products. The company says its employees create an experience that customers enjoy revisiting. There is no way to directly link profitability to the company's adoption of servant-leadership, but from 2003 to September of this year, the stock has increased from around \$20 to more than \$45.

“It is our belief that practicing servant-leadership is fundamental to the strength of the customers-service-profit chain,” says company spokesperson Lara Wyss.

Starbucks refers to its employees as partners because they are given stock options. The company also offers its partners learning opportunities, including computer training, partial tuition reimbursement and a class on servant-leadership.

Starbucks' senior leaders express their appreciation by adopting local stores and connecting regularly with the manager and partners (employees), including working at the store. Jim Donald, Starbucks president and CEO, calls 10 district and store managers every day, seven days a week, inquiring if there is anything he can do.

Starbucks' servant-leadership philosophy also is conducive to a diversity-friendly environment. Partners are asked to “accept themselves without judgment, accept others without judgment: and trust that others act in good faith without requiring that they earn it first.”

## SOUTHWEST BEATS THE COMPETITION

Southwest has proven that servant-leadership, a part of its corporate philosophy since its inception in 1971, can work in an environment where other managers would call for strict measures that alienate employees. In an era where cost-cutting, ugly management and union disputes have become



the norm in the airline industry, 85% of Southwest is unionized— “the most unionized airline in the world,” Stewart says,

“Most airlines came out [of 9/11] with broken bones, but we were able to weather the storm better than a lot of other carriers,” Stewart says, adding that the airline is the most consistently profitable major airline industry worldwide.

It is difficult to quantify servant-leadership’s effect on the airline’s profitability, but one measure used is the low turnover. The most tangible evidence of Southwest Airlines’ leadership is loyalty that affects its bottom line and ability to compete.

Employees showed their faith in management even when it affected their pay during the first Iraq war. And senior managers all the way up to the CEO show every employee that they are not above loading and checking bags, ferrying wheelchairs or tidying up planes on the busiest travel days.

“During the first Gulf War, the employees took it upon themselves to take money out of their paychecks to offset the high price of fuel,” Stewart says, adding that the airline has never laid off employees.

#### HOW DOES SOUTHWEST DO IT?

“We came up with a secret formula: Treat people the way you want to be treated,” Stewart says. “Our leaders check their egos at the door and that is very important out here. In any organization, you have to have structure, but at the end of the day as a group you are working as a unit toward a common goal.”

Anyone who thinks of servant-leadership as a wishy-washy approach that would not work in a competitive corporate arena should consult with Consuelo Castillo Kickbusch. Before Castillo Kickbusch became a motivational speaker on leadership and gender equity—speaking to corporations such as State Farm, Wal-Mart, IBM and Verizon—she served as a U.S. Army lieutenant general. At one point during her 20-year career, she was the highest-ranking Latina in combat support.



“What was interesting about my professional life as a soldier is I was raised on a leadership model of command and control,” she says. “That was the philosophy of the Army, not necessarily mine.”

Castillo Kickbusch served in the role of a mentor, getting to know the 68 men in her command, a unit responsible for laying telephone cable lines. Many did not have high-school diplomas. She brought in an instructor to help her men earn their GEDs, something that was not expected of her as an officer. She also took time to listen to her soldiers’ aspirations and goals and offered support and encouragement. She says her men needed to know she was not an omnipotent leader incapable of making mistakes.

“There was always that fear among my senior leaders that I would be weak and yet I could be tough, but that did not exclude having compassion,” she says. “I always make the comment that leadership is not about you, so get over it. Leadership is about service. I think we are here to serve.”

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