

## Lessons From Southwest Contract

More than 5,000 IAM Reservation Agents and Customer Service Agents at Southwest Airlines recently voted to approve a 4 year contract with their employer. **The top scale for these workers will be \$26.61/hour. Southwest will provide them with a 9.3% match on their 401k.** Fifty four percent voted to approve the agreement.

The first lesson which can be drawn from Southwest workers' success is that having a union is the way to deliver industry leading wages and benefits. **Southwest Airlines is 85% union, with pilots, flight attendants, passenger service, ground operations and mechanics all union.** The wages at Southwest provide these workers with career jobs.

### Customer Service

Southwest Airlines consistently delivers top of the industry customer satisfaction statistics. This is the second lesson from Southwest. We believe that when workers are strongly invested in their airline they have a great stake in going above and beyond for their customers. Over time this is the way to build a strong foundation in the airline industry.

“Customer service is in our DNA”, said Mike Van de Ven, Southwest Airlines COO. “Our hard working Customer Support and Services Representatives in call centers and our airport Customer Service Agents provide outstanding service each day. I’m also proud of the Negotiating Teams for their nine months of effort and for delivering this contract during challenging economic times.”

Things which create a revolving door for workers (like Ready Reserve, low wages, high percentage of part time work) also undermine customer service. In the long run, having large numbers of workers who are not invested in their airline will be its undoing. Unfortunately, Delta has adopted a business model which ultimately benefits no one but a handful of executives.

### Industry Standard

The third thing we can learn from the Southwest contract is how “industry standard” is set. **The Southwest contract helps push the industry standard up.** Union workers from other airlines will have their eyes on the mark set by these workers when negotiating a new contract. On the other hand, when one employer is successful in pushing wages down, other employers demand the same, saying they must have cuts to remain competitive. We have all seen this in the last decade. This standard is not some magical figure set by forces that no one can understand. It is set by large employers, who can set wages wherever they want if there is no counter balance such as a union.

For years Delta has generally kept pace with the industry standard set by large highly unionized airlines. Delta has said they do not want their flight attendants, baggage handlers, reservation agents, ticket agents and others unionized. **As the largest airline in the world, a non union Delta will be able to set industry standard, much as WalMart does in the retail industry.** This is something we can stop, if we have a union.