
How to Create Successful Transit Service:

Five Lesson's from the Country's Most Admired Transportation Company

By Belynda Johnson, Majic Consulting Group

Thirty-three years ago, the country's most successful transportation company began service. Southwest Air Lines (SWA) reinvented air travel. By flouting the rules on how to run an airline and developing its own brand identity, the airline has continued to grow and be profitable in an environment that drove many of its competitors into bankruptcy. Today, Southwest is one of the world's safest and most efficient airlines. It is consistently the airline with the lowest customer complaint rate (0.33 per 100,000 passengers in 2002 compared to an industry rate of 1.22 per 100,000 passengers). Last year it ranked number one in its industry on *Fortune Magazine's* list of *Most Admired Companies*. It scored top honors in seven out of eight key attributes:

- Innovativeness,
- Employee talent,
- Use of assets,
- Social responsibility,
- Quality of management,
- Financial soundness,
- Long-term value,
- Quality of products/service.

Public Transit and Southwest Airlines are in the same business: *taking people from where they are to where they want to go*. By learning the concepts that made SWA successful and applying them to your transit service, you can create a more successful operation.

Lesson 1: Challenge Assumptions

Southwest has always been known as a maverick and an innovator. In the airline industry everyone KNEW *hub-and-spoke* was the most efficient way to route an airline. The idea behind *hub-and spoke* is to fly short-haul passengers to a hub city from smaller outlying cities, then load them onto a single plane to go to their final long-haul destination (similar to a central transfer point).

The *hub-and-spoke* system is an efficient way to fill an airplane, but rarely provides efficient aircraft utilization. Southwest uses a different strategy. It flies *point-to-point* between cities, thereby maximizing its use of aircraft.

What assumptions do you have about how a transit system *should* operate? Challenge them! Ask *what ifs!* *What if* there was not a central transfer point? *What if* the routes ran backwards? *What if* extra funding was available? *What if* all passengers wearing purple hats rode free? *What if...*?

Then play with the ideas to solve your operational challenges. Not only can it be fun, it is a great way to find new and innovative solutions.

Lesson 2: Know your Competition and your Customers

Before Southwest, airlines operated as though there were only two market segments: those who could afford to fly and those who couldn't. Airlines believed their only competition was other airlines. Southwest expanded the definition of competition to include *automobiles* or *not going*. Southwest believed lowering fares and increasing frequency would attract new customers from an expanded market.



The company defined its customer as the short-haul traveler who wants to choose from a wide range of flying times between two cities that are an average of four hundred miles, or an hour, apart. No airline knows its niche as well as Southwest. When their flights are full, SWA increases the number of flights instead of raising fares and, thereby, expands the market.

How do you define your target market? What is the competition? How can you expand your market? How can you improve the attributes that would attract potential new customers or increase frequency for current customers? Through surveys, focus groups, and *just riding around*, you learn about your customers, what they want and need, and what their alternatives are.

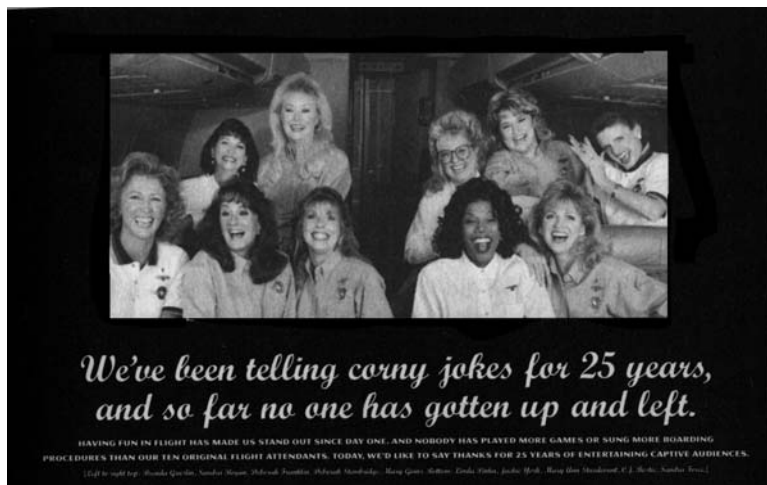
Lesson 3: Keep Things Simple

Southwest uses only one type of aircraft—the Boeing 737. Flying one type of aircraft has a strong impact on the bottom-line. Training requirements are streamlined for pilots, flight attendants, mechanics, and suppliers. All Southwest pilots are qualified to fly, all flight attendants are qualified to serve in, all maintenance people are qualified to work on, and all supplier crews are qualified to stock every plane in the fleet. In addition, the company maintains lower parts inventory and simpler recordkeeping. With only one type of aircraft the company is able to negotiate better deals when acquiring new planes. Keeping things simple has helped SWA remain more efficient than its competitors.

How can you simplify your transit operations? Are you using several different types of vehicles when one model would work? Is your route structure easy to understand and use? If your fare system complicated by too many categories and exceptions? Simplify!

Lesson 4: Celebrate Success. Celebrate People.

According to Herb Keller, the guiding force behind Southwest, “It is a daily celebration here of customers...of great employees...of positive things that happen.” Celebrations are an important way Southwest informs people about the activities, behaviors, attitudes, and values that have made the company great. By publicly rewarding employees who exemplify the company’s values, celebrations raise people’s consciousness about the values that drive the business. At Southwest, celebrations are festive, but viewed as an investment in morale, job satisfaction, productivity, and *esprit de corps*.



When you recognize an outstanding employee, is it with a festive celebration? Do you find people who serve behind the scenes and celebrate their contributions? Do you measure, reward, and recognize people who promote the culture and values of your service? Are there celebrations for reaching major milestones and goals, such as the 1,000,000th rider? Celebrate your successes and reward your employees.

Lesson 5: Define Your Brand.

A brand is a promise to the customer. Southwest delivers on the promises its advertising makes. So what does Southwest promise? *Reliable, safe, frequent, low-cost air transportation—topped off with legendary service and a few nuts!* Southwest is very clever about getting people to pay attention to its promises through humorous, stylish and often self-effacing ads. The ads radiate the Southwest personality and share its story in a direct manner

Southwest has defined its personality (or brand) by its off-beat, corny humor. Commercials and promotions are designed as much for employees as for customers, highlighting important company values. Southwest's primary communication—its main message—is its people. Customer service agents, operations agents, flight attendants, skycaps—anyone who has one-on-one contact with the customer—are the company's most powerful form of advertising.

What makes your service distinctive? What is your promise? How well do you communicate that promise? Do you deliver on your promise? Do your employees reflect your brand—the mission, vision, and values you proclaim? Your brand is your promise. Know what it is and be certain you can deliver.

Sharing the Passion

Southwest Airlines embodies one of the greatest success stories in the history of commercial transportation. Like most great organizations, SWA has a mission: *to open the skies, to give ordinary people the chance to see and do things they never dreamed of.* Its people are crusaders who truly believe they are in the business of providing opportunities. That is why the company is relentless about keeping costs low.

As a public transportation system, your purpose is to provide transportation to people, who may not otherwise have access to available opportunities—to *see and do things they never dreamed of.* Most likely, you are already the low-cost leader, which is also Southwest's strategy. Those are the biggies! By applying SWA's other lessons and, perhaps, adding a little of the same quirkiness, your operations can enjoy the same success.

After lengthy deliberation
at the highest executive levels,
and extensive consultation
with our legal department,
we have arrived at
an official corporate response
to Northwest Airlines' claim
to be number one
in Customer Satisfaction.

“Liar, liar. Pants on fire.”

Only. We lost our temper for a moment. Northwest Airlines didn't really do. And so, aren't actually on the Northwest simply excluded Southwest Airlines from its comparison.

Fact. According to the U.S. Department of Transportation Consumer Report for the real leader in Customer Satisfaction is Southwest Airlines. That means we received the lowest complaints per 100,000 passengers among all major airlines including Northwest Airlines.

How dare! The Department of Transportation.

Consumer Report also shows Southwest Airlines one of our best performance figures percentage of systemwide domestic flights arriving within 15 minutes of schedule including rebooked flights on Baggage Handling Device malfunctions (tagged per 100 passengers) as well as best in Customer Satisfaction from January through August 1992.

Do all these in black and white. By the way No. 1 you'll know there's no substitute for satisfaction. Call Southwest Airlines or your travel agent for reservations.

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Belynda Johnson is a marketing and planning professional with over 23 years experience in the transportation and related industries. She holds a Masters Degree in Marketing and Project Management from the University of Southern California. She is past president of the Southern California Chapter of the American Marketing Association and has earned numerous marketing, advertising and speaking awards. She has been a featured speaker at conferences sponsored by APTA, CalACT, and American Marketing Association among others. She is currently President and Managing Director of Majic Consulting Group, a consulting firm providing marketing, management, planning, and training assistance for the transportation industry. She may be reached a (661) 251-2718 or belynda@majicconsulting.com