Alaska Airlines: Organizational Change Plan

OL 663 Leading Change

# Southern New Hampshire University

 **Alaska Airlines**

Alaska Airlines had recovered from record operational lows based on specific actions taken by the executive leadership. Despite positive operational changes and improvements in key performance indicators prior to the 2007 planning meeting, the residual instability caused uneasiness and concern among the senior management that the organization could potentially return to the previous turmoil and poor performance. This paper identifies the problem, its impact, and organizational needs and provides a plausible change plan to achieve operational efficiencies and organizational success.

**Analysis and Diagnosis**

**Problem Statement**

Operational inefficiencies at Alaska Airlines’ terminals affected employee morale, its reputation among customers as a strong carrier, and eventually its profitability. These symptoms, coupled with the realization of the urgent need to create a more stable environment, fueled the organization’s executives to take action and drive the critical change effort. The specific problem causing the operational inefficiencies, and what needs to be addressed, is an ineffective organizational structure that creates a lack of collaboration, accountability, and communication among work groups at the terminals.

**Organizational Impact**

The organizational structure problem had an unfavorable impact on the airline. This included poor results specific to on-time departures, an increase in the mishandling of luggage, and longer waits at luggage carousels. In addition, and perhaps most important, the behaviors and actions caused unfavorable service perceptions of by their customers.

**Organizational Needs**

 The importance of being profitable and competitive and to be the airline of choice by customers are the most critical organizational needs driving the change. Simply put, Alaska Airlines cannot expect to remain in business without a major operational overhaul. A concurrent need is an environment where there is open communication and collaboration between the various work groups. It was noted that employees worked very hard, but not in sync with each other nor in a sustainable fashion. As a result, the new VP of Seattle Operations’ passion from the start was to create, “cross-divisional collaboration and alignment” (Avolio et al., p. 11). Collaboration is critical component when it comes to change because when, “people band together to work toward a mutual goal with a shared vision, the overwhelming becomes manageable and the impossible is doable” (Merisalo, 2015, p. 11).

**Change Effort Variables**

 One of the largest variables that will determine the ultimate success of change effort is the support and buy-in from the employees. A number of situations prior to the 2007 planning meeting resulted in a lack of trust that pitted the employees against management. For example, labor related actions at the Oakland maintenance facility and against pilots and rampers resulted in low productivity, poor morale, and a “profound negative effect on the company’s operational performance” (Avolio et al., 2015, p. 9). Another significant variable is the general acceptance of mediocre performance by employees and management. Avolio, Patterson, and Baker (2015) noted that Alaska’s “broad and long-standing acceptance of mediocrity…supported the airline’s lack of accountability for monitoring and improving its performance…” (p. 15). Without the support of employees and the shared desire to improve, the change effort will not likely succeed. The variables can be addressed through effective communication, demonstrating the negative impact of the current conditions, and engaging employees in identifying practical solutions.

**Underlying Causes**

 The lack of collaboration, accountability, and communication among work groups (i.e. flight operations, ticketing) at the terminals was due in large part to the creation of silos within the organization. Specifically, Seattle “had been run by the individual managers of each functional operational unit...each working within his or her silo” (Avolio et al., 2015, p. 2). In this structure, ideas could not be easily shared and the impact of an individual unit’s decisions on other units was not always taken into account. This can be addressed through cross-functional collaboration. Another root cause of the operational problem was, “…the absence of…mechanisms for measuring interim performance goals…” (Avolio et al., 2015, p. 14). There had been a greater focus on lagging performance indicators such as on-time departures versus leading indicators such as boarding times. Having the right, meaningful data can allow organizations to dig into the root causes of key system issues.

**Identifying the Gaps**

 A major gap between the current state and management’s future state is the lack of a single person of authority to create the environment needed to foster change. In other words, Alaska Airlines needed someone “to be able to cross boundaries and break through silos” (Avolio et al., 2015, p. 11) that management created over the years. The lack of accountability was another gap that needed to be bridged. There was limited accountability in regards to performance (data and standard work), which resulted in complacency and lack of collaboration among the various work groups.

 There are specific opportunities that can aid in addressing the gaps. The first is to create a cross-functional team similar to what Mr. Minicucci did. Bringing together those that manage the silos to “analyze performance and identify root causes for such failures as delays…” (Avolioet al., 2015, p. 13) can create accountability and minimize blame. In order for successful outcomes, the team members need to work together.

 A second opportunity involves creation of standard work for ground operations, which leads to a third a process improvement where critical data points are captured. In addition to identifying additional areas of opportunity, focusing on upstream (leading) data and lagging indicators can be used to establish benchmarks for which future short-term wins can be identified, documented, and celebrated. Minicucci’s scorecard approach is a solid option.

**Organizational Change Plan**

**Creating a Sense of Urgency**

 Kotter (2012) wrote that, “Establishing a sense of urgency is crucial to gaining needed cooperation” (p.37). One opportunity is to create a more visible crisis, which can, “be enormously helpful in catching people’s attention and pushing up urgency levels” (Kotter, 2012, p. 47). As the VP of Seattle Operations, I will work with marketing and customer service management to develop a plan to obtain and share real stories and images of customers experiencing the result of operational inefficiencies. In particular, a montage of photos of upset customers waiting in line to report mishandled or lost baggage and negative comments written on social media and travel rating sites by angry and frustrated customers in response delays. This approach plays to the emotions of those in leadership roles who have historically taken pride in “having the best customer service in the industry…” (Avolio et al., 2015, p. 4). The intent is to show that Alaska Airlines is working counter to its “Northwest Nice” mentality, inspire stakeholder, and create the emotional reaction that, “provides the energy that propels people to push along the change process, no matter how great the difficulties” (Kotter & Cohen, 2002, p. 8).

**Change Processes**

 Having the right processes in place for implementing change is important. The current process for implementing change within Alaska Airlines primarily centers on engaging management to make decisions. Unfortunately, some of the decisions resulting from management-only decisions had negative downstream effects on the organization. Examples such as the decision to close Oakland and the voluntary severance package to management, created anxiety and the loss of critical institutional knowledge.

In order to create an environment of operational excellence, the decision making process for implementing change needs to be updated. I will create a more collaborative environment where employees, whether unionized or not, can be involved in decision making processes. Secondly, I will use a formal process to anticipate potential challenges to identified solutions. Specifically, I will use a stakeholder analysis to determine who has influence and a force field analysis to gauge the potential resistance to change.

**Support Strategy**

Highlighting the negative impact of the current state of operations on customers and employees will be my primary strategy for gaining and maintaining the support of the guiding coalition and executive level sponsors. I will collect the information necessary to tell the story through employee opinion surveys and a customer service survey sent to passengers after the completion of a flight. For this approach to be effective, customer and employee feedback must be relevant, timely, and shared often. The ability to collect real-time information will also help to show progress as changes are eventually put into place.

**The Guiding Coalition**

I will create a guiding coalition with members of varying experience, knowledge, and viewpoints to foster healthy debate and critical thinking. Similar to Minicucci’s approach, I will select the managers of each functional division at the Seattle hub including customer service, cargo, pilots, and maintenance as well as a member from the ramp and cleaning vendor management. These managers bring the operational knowledge and experience to identify root causes and solutions. In addition, I will request participation from the VP of human resources and a senior level executive who can communicate with their peers and offer the necessary support. Lastly, involving actual employees in the team demonstrates transparency and allows for a practical, or “real life,” viewpoint to the decision making process. Functional managers will recommend candidates to the team.

**Guiding Coalition Member Commitment**

Establishing a guiding coalition is not enough. As the leader of the change initiative I will take four primary steps to ensure member commitment. First will facilitate the development of a common objective, related goals, and member roles. As Cohen (2005) wrote, “Without a common understanding of their goals, guiding teams may waste substantial time, mired in debate and conflict” (p. 40). Second, I will create an environment of trust and openness by understanding individual’s backgrounds and expertise. Next, I will model my own commitment to the group and maintain a high level of urgency with the actions I take while. For example, I will be an active contributor in meetings and consistently reminding the group about why we are taking decisive action. Last, I will minimize frustration by removing obstacles to success. To accomplish this, I will make the necessary resources available to them and act as a liaison between other stakeholders and supporting teams to ensure the free flow information.

**Essential Values**

 There are a number of values that are essential to the success of the needed changes. The most important one is management trustworthiness because “employees who do not feel that they can trust management are more likely to be critical of the information or justification they receive in the context of organizational change” (Allen, Jimmieson, Bordia &Irmer, 2007, p.191). Employees must work collaboratively with each other, vendors, and management outside of the current divisional silos to achieve success. Thus, teamwork and commitment to each other and the customer are the other essential values that must be fostered and supported throughout the organization. Lastly, mutual respect and passion for success must be demonstrated and modeled by all groups within the airline.

**Change Effort Vision**

As the VP of Seattle Operations, my vision is to create an environment of operational excellence based on efficiency, standard work, and employee engagement that allows Alaska Airlines to become a first-class airline with the highest customer satisfaction ratings in the industry. My vision promotes the change effort and creates a clear direction that, “motivates people to take action in the right direction” (Kotter, 2012, p. 71). Specifically, the vision capitalizes on Alaska Airlines employees’ long held pride in “having the best customer service in the industry…” (Avolio et al., 2015, p. 4) and a strong employee-customer bond. In addition, the results of the change efforts are measureable and can be shared with all stakeholders.

**Targeted Outcomes**

 Data, in the form of leading and lagging indicators, will allow us to track and measure our success in achieving the vision. Targeted outcomes involving leading indicators will include real-time statistics such as duration of boarding times, the amount of time to clean an arriving aircraft, and food vendor timeliness. Compliance audits of future standard work processes (i.e. baggage handling) and employee “pulse check” surveys will also offer solid information about our progress. These upstream measures are important and will have a direct impact on critical lagging indicators such on-time flights and lost or mishandled baggage rates.

**Change Effort Success**

The change effort in Seattle can be considered a success when we are able to document process improvements and efficiency gains as indicated by the results of our leading indicators. For example, achieving a 25% reduction in the amount of time it takes to clean an aircraft after deplaning or the percent correct when it comes to following baggage handling related standard work. For the broader organization, the ultimate lagging indicators of success include the rate of customers lost due to service issues, financial results, and Alaska Airlines’ ranking in J.D. Power’s annual customer satisfaction survey.

**Communicating the Vision**

Kotter (2012) wrote that, “the real power of a vision is unleashed only when most of those involved…have a common understanding of its goals and direction” (p. 87). Therefore, I will need to create an effective communication plan. As the change leader, my initial activities in the process will be to identify the various internal and external stakeholder groups or job families, gain a solid understanding of their perspectives, and create tailored. For example, the style of messaging to the rampers or cleaning crew will differ from that of the pilots or maintenance technicians because of their differing responsibilities and experiences. Regardless of the specific styles employed, the messages will need to be consistent, simple, and clear.

**Two-Way Communication**

Employees need to be engaged in the change process so “it is important to ensure that the communication isn’t only coming from the organisation’s leadership” (Harvey, 2014, p. 11). As a result, two-way communication is a critical component of a change communication plan. In fact, “two-way discussions are an essential method of helping people answer all the questions that occur to them in a transformation effort” (Kotter, 2012, p. 102). In Seattle, I will work with communication consultants, managers, and supervisors to provide multiple methods for communicating with employees and vendor partners. One example is individual meetings for highly engaged or impacted personnel such as functional unit managers of maintenance and flight operations. They need significant detail and understanding so they can help support the change effort within their teams. These meetings can be held weekly at first and then less frequently as comfort levels rise. For wider reaching impact, we will establish a series of small functional group meetings on a regular basis to provide in depth information by job family and allow workers to air their specific concerns in a comfortable setting. Direct supervisors will be expected to facilitate these meetings.

**Direct Supervisor Support**

According to Harvey (2014), “Most employees like to hear the detail [of a change plan] from their immediate manager” (p. 11), which supports the functional group meeting approach mentioned above. It also increases the need for the guiding coalition to provide direct supervisors with accurate, timely, and quality information so they are able to effectively communicate with their teams. I will provide initial training to the supervisors on how to effectively communicate and deliver key messages. In addition, my team and I will provide regular updates to them via e-mail, create a OneNote site on the intranet to house and share related files and documents, and host frequent conference calls and meetings for direct two-way communication.

**Minimizing Change Related Concerns and Anxiety**

Anxiety is associated with change efforts and employees will undoubtedly have concerns, about the impact of the change on their job or the direction the company is heading. Allen, Jimmieson, Bordia and Irmer (2007) found that, “The uncertainty experienced by employees differed based on the change event, in addition to their position in the organization” (p. 194). This finding is important to me as a change leader and validates the importance of maintaining multiple lines of communication in the form of newsletters, video messages from executives, FAQs posted on the intranet, virtual town hall meetings, and face-to-face meetings. I will create the expectation that managers and supervisors encourage employees to ask questions at any time and will hold them accountable for having an “open door” policy.

**Involving the Right People**

The right people need to be involved in messaging the change effort for it to be successful. As the change leader, I will hire a communication consulting firm to assist with the development of messaging techniques. The consultants can ensure we are effectively communicating with employees, vendors, and airport management. They can also conduct quality checks and use assessment tools to identify gaps or inconsistencies in the messaging and help to implement corrective actions. Senior leadership will also need to be visible and supportive of the change efforts while showing empathy towards impacted employees engaged in the day to execution of the plan. Vendor and contractor involvement will be necessary, too, since they are an integral part of the ultimate success. Their management will need to show commitment to the change effort, engage with my team, and support their employees.

**Forces, Barriers, and Hindrances**

There are forces, barriers, and hindrances to achieving my vision. The most obvious barrier is the organizational structure comprised of functional silos, which has resulted in a lack of accountability, collaboration, effective communication, and employee involvement in identifying solutions. Specific to accountability, the silos allowed each department to have its own metrics and data, a system barrier, without the means for effective comparisons. Cohen (2005) wrote that, “Functional silos drive different focuses and priorities, quickly stalling any progress (p. 118). The removal of silos and the creation of common metrics is critical to the success of my change effort.

Additional barriers were identified during a previous change readiness survey used to determine how ready employees were for change. Those barriers that will need to be addressed include a reduced level of trust of managers and leaders, employee concerns over the lack of success of past change efforts, a poor perception of the quality of corporate communication, and the belief that people affected by change are not involved in shaping the future state. Many of these barriers stem from past management actions to improve operations and cut costs including the, “…voluntary severance package to management, the closure of a maintenance base in Oakland, closure of the Tucson station…the outsourcing of three small work groups…and closing Alaskan ticket offices…” (Avolio et al., 2015, p. 6).

**Resistance to Change**

Cohen (2005) wrote the, “…most serious challenge to successful change comes when members of leadership and management…resist the effort” (p. 121). There are a number of ways manager and employee resistance to change can be recognized. As the VP of Seattle Operations, I will look for signs that indicate if functional unit managers are limiting the amount of communication to employees, intentionally missing key meetings or trainings, or not supporting employee engagement in change-related initiatives.

If I do identify resistance, I will take action to minimize or eliminate it. The first part of my strategy will focus primarily on understanding and addressing the specific sources of the resistance. My specific actions will involve open dialogue with individual resistors to allow them to freely express their concerns, opinions, and ways we can work together. Secondly, I will provide consistent, honest communication about the progress of the change effort with all those impacted, including line managers and individual employees. This will be done through small Q&A stand-up meetings, conversations with individual employees I encounter in work areas, town halls led by senior leadership, and other methods developed with the communication consultants.

**Enable and Empower**

It is necessary that employees help drive the change effort, yet they, “…generally won’t help, or can’t help, if they feel relatively powerless” (Kotter, 2012, p. 105). I will establish activities and processes that will foster employee engagement. For example, I will create small functional work teams to problem solve the specific operational issues and system failures identified by the cross-functional management level taskforce that reviews the report cards on a daily basis. Employees have the practical experience, expertise, and knowledge to identify solutions. I will also create of an employee innovation challenge that encourages employees at all levels to share and present their ideas for improvement to management for consideration.

**Generating and Rewarding Short-Term Wins**

Short-term wins from the change efforts will be generated through the documentation of standard work processes developed by the employee work teams. Not only will we track new processes, we will celebrate successes from the formal feedback obtained from employees executing the standard work. Their positive and constructive feedback will be shared with all employees as a qualitative measure of success. The team and I will also use the report card as a means to identify short-term wins. The report cards provide the quantitative measures such as boarding times, the amount of time to clean an arriving aircraft, and food vendor timeliness to show the impact of the new standard work processes.

I will ensure that short-term wins are publicized and that people are recognized. This will be done through written communications, town hall meetings, and standup meetings with employees prior to the start of shifts. Hand-written thank you notes to the work teams will also be provided for a personal touch. Lastly, I plan to be visible and personally thank people for their efforts as I walk through the terminal and work areas.

**Gains from Short Term Wins**

 There are a number gains and positive benefits from having short-term wins during a change effort. Short-term wins help to demonstrate that specific change related activities are working, which can build momentum and garner support from resisters. Specifically, short-term wins, “…show people that the sacrifices are paying off, that they are getting stronger” (Kotter, 2012, p. 126). At the Seattle hub, I plan to be able to show the management-level taskforce that we were able to effectively remove barriers to the change effort. Similarly, showing how the solutions identified by the employee work teams impacted the operations will go a long way in recognizing how valuable the employees are to the improving operations and meeting the vision.

**Maintaining Momentum**

 It will be critical to build on the momentum generated by the successes and short-term wins. As an organization, we will accomplish this through constant communication via multiple channels that remind everyone why we need to stay focused on the vision and the goal of creating efficiencies. Like previous communication efforts, we will share messages of support and thanks from senior management and have employees share their individual experiences with the change efforts. As part of this communication effort I will work with a consulting firm to conduct a survey of employees, managers, and vendor partners to gather input on what is working well and what, if any, new or previous barriers exist. The results, along with management’s responses, will be shared openly with all stakeholders.

The leadership team and I will continue to reward the efforts of the employee work teams and acknowledge their value and our commitment to them by providing resources and ample time for them to meet. To keep the teams interested and engaged, it will be important for me and management to challenge them to work on problems that will have the highest impact on efficiency improvements even though they may require high effort (i.e. technology or system gaps) or costs.

**Organizational Culture**

 Specific actions need to be taken in order for the changes to become part of Alaska Airlines’ culture. One initiative will be to revise all new hire orientation and training materials to reflect new standard work procedures so new employees can learn the “new normal” as part of the on-boarding process. In addition, new hires will be paired with a mentor selected based on their demonstrated commitment to the vision. Mentors will act as a resource and help their mentee acclimate through coaching and leading by example. Next, supervisors will be required to “huddle” with their teams on a weekly basis to discuss issues or concerns and review the prior week’s performance data. These meetings will help maintain focus on the change vision and keep employees engaged and the lines of communication open.

**Infrastructure Mechanisms**

 Certain infrastructure mechanisms will aid in sustaining our new operational model and processes. All new standard work processes will be formally documented and a compliance audit program developed, which will involve regular observations conducted by internal and external auditors. The intent is to measure “percent correct” and identify retraining or process modification opportunities. Annual performance appraisals for leadership, management, supervisors, employees, and vendor partners will be reconfigured to include elements related to performance and vision compliance. This will demonstrate the executive level commitment to the new organization. These elements will also play a significant factor when considering promotional opportunities. Lastly, as a leadership team, we will pledge to be highly visible and provide formal communications on a regular basis. This will be done in person, via newsletters, and through one-on-one conversations with employees.

**Conclusion**

Alaska Airlines’ executive leadership realized the impact of organizational stability on its ability to remain competitive, profitable, and successful. An analysis and diagnosis of the company revealed the specific need improve operational efficiencies and removal of functional silos. This supports a vision to create an environment of operational excellence based on efficiency, standard work, and employee engagement that allows Alaska Airlines to become a first-class airline with the highest customer satisfaction ratings in the industry. The proposed change plan includes the creation of a sense of urgency, the formation of a guiding coalition, the development an effective communication plan, and establishing specific action items. Primary activities include engaging employees, holding people accountable for results, celebrating successes, and establishing a new infrastructure that becomes part of the airline’s culture.