

How Do We Position Ourselves for the Future?

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Certainty has never been a hallmark of the transit industry. The history of urban public transportation has been cyclic. This century has seen transit's effectiveness rise and fall along with economic trends, shifts in urban patterns, and the availability of automobiles and gasoline. The World War II years of intense urbanization and curtailed automobile use were a boon to transit. Postwar suburbanization precipitated a decline. More recently, transit has been revitalized and expanded by 10 years of a federal-local partnership. Today, as rising costs and declining ridership clash with limited federal funds, continued suburbanization, and renewed automobile use, urban public transportation faces a stormy future.

Despite these grim forecasts one thing is certain—a viable transportation system is indispensable to a healthy economy. The free movement of people and products is critical to the effective operation and growth of major urban areas throughout the world. It is as basic to economic well-being as energy, labor, or materials. Our older industrial cities cannot survive, nor can our growing regions thrive, without good transportation services.

These circumstances pose unprecedented challenges to today's transit officials—whether they be professional managers or governing board members in public organizations or private companies. The industry has already learned that fare hikes and service cuts are a prescription for disaster. Unfortunately, that scenario too often looms as the only alternative when costs are skyrocketing and political considerations seem to foreclose other management actions. Transit managers must realize that decisions made today will have a lasting effect on the industry of tomorrow. If transit is to remain competitive and make its contribution, management must aggressively exploit every avenue open to it as we "position ourselves for the future."

-sizing up the issues

In appraising the industry's long-term horizons, transit officials must have a clear understanding of current circumstances, including strengths and weaknesses. It is useful to make this appraisal in light of some major industrywide issues. These issues are matters that generally get raised only when a crisis is at hand. In laying out a strategy for transit, policymakers must strive to consider in a non-crisis atmosphere the following key factors:

1. Goals: What are the primary goals of a transportation service? maximum ridership? minimum costs? reliability? safety? social equity? Are these goals consistent?
2. Funding: How is transit paid for? What are the fiscal abilities of local governments? What is the policy for the farebox and for operating deficits?
3. Service: What type of transportation ser-

vices is provided? How much is available? Is the system radial or lateral?

4. Markets: To whom are transportation services available? Is the service geared primarily toward urban dwellers and commuters, or is suburban travel incorporated? How important are customers in the operation of transit services?

5. Labor and productivity: What is the transportation system's policy toward labor? What is the negotiating stance? What is specified by contract and what is open for management initiative? What are management and employees prepared to do together?

Glancing through the list highlights a fundamental difficulty. These issues are extremely complex, interrelated, and, in some cases, contradictory. The matter is further complicated because each of these issues is intertwined with key economic and technological forces that have critical implications for employment, land use, and travel behavior. For example, the goals of the transit authority determine the kinds of service provided. The quality and quantity of service affect future demand. Service provision also depends heavily on how it is financed. This, in turn, is a function of economic forces such as employment that affect revenues available to local governments and influence fare policies. In addition, technological and industrial changes lead to employment shifts that affect land use patterns and markedly influence housing and work trips.

The point here is that in order to position ourselves for the future, to map out a 5-year horizon, actions must be well-timed and taken at the critical junctures where operating conditions, economic trends, and technological changes meet. These are the decisions that will have a lasting influence on the demand and availability of service. What can transit managers do to assure that the right choices are made? On the surface, the answer might be "very little." After all, there is no crystal ball for the transit industry. The list of external factors that ultimately shape transit use, including public policies that directly or indirectly influence how and where people live, work, and recreate, seems too complex to read accurately.

The challenge is that these are the key issues that must be assessed and evaluated to assure the industry's vitality. The most successful firms in the private sector are those that are adept at "futuring." They have an ability to anticipate and make timely responses to demographic and economic shifts in markets. A lack of this skill has contributed to transit's problems; it will surely lead to future failure in the industry unless changes are made very soon.

It has been noted that one measure of the effectiveness of a manager may be the amount of time devoted to planning and development of long-term strategies. In the transit industry, however, more often than not the day-to-day demands on managers are so pressing that time for planning, analysis,

and evaluation of future options is driven out. The attention of top management is fully occupied by political, operational, or financial urgencies. Very little thought, probably less than 5 percent, is reserved for long-term matters, and "long term" is all too often six months, maybe 12 or 18, but hardly ever 3 to 5 years.

This is a vicious cycle that is not easily broken. Especially in the transit industry, where so many factors are completely beyond the control of management and where top management changes so frequently, it seems fruitless to expend resources on other-than-immediate concerns. To compensate, management relies on tools such as the budget cycle, the capital improvement plan, or management-by-objective for handling immediate, short-term issues.

NEED FOR NEW APPROACHES

What is lacking is a unified approach to "futuring"--one tool to tie these other techniques together. There is a need for something different, an approach that takes transit managers a step beyond traditional planning and budgeting. A framework should be used for determining the key issues a transit agency faces, for monitoring both the internal and external factors that will shape things to come, and for anticipating when decisive action is necessary. Transit managers must become aware of the critical junctures where actions can influence events so that steps can be taken when they are the most effective to achieve determined goals.

This approach is not completely novel. The private sector calls it "strategic planning." In the past 10 years, a number of large corporations have begun to institute strategic planning as an overall method of assessing corporate strengths and weaknesses, evaluating markets, and making choices about the future. For public-sector transit agencies, the applicability of strategic planning is less well known. It is beginning to be explored, though, most notably by the Toronto Transit Commission.

WHAT IS STRATEGIC PLANNING?

Strategic planning is a process for developing short- and long-term objectives based on a dynamic assessment of the internal or external factors that contribute to an agency's success or failure. It is a way of organizing activities to achieve goals most effectively. It assures the best use of an agency's resources because it is a process for analyzing performance on a continuing basis while aggressively monitoring external factors. It therefore improves the agency's capability to recognize when change is occurring and to respond quickly to new priorities.

As a management tool, the process is more global in scope than traditional transit planning techniques. Most planning used by transit agencies projects the future on the basis of past trends. It does not attempt to assess anticipated changes or evaluate the impacts of these changes on a broad scale. Strategic planning, as process rather than a product, is an innovative way of continually reappraising performance in light of goals, adjusting to changes, and evaluating the effectiveness of day-to-day operations. It is also a process for generating widespread community discussion and debate about transit's future.

Strategic planning can lead transit agencies to decisions about long-term objectives as well as short-term shifts in priorities. Long-term income and employment estimates, for instance, can be considered more fully in making short-term decisions about services, labor policies, or maintenance requirements. As a result, an agency can devise con-

tingency plans and options for meeting service needs under varying budgetary and operating scenarios.

USES OF STRATEGIC PLANNING

Strategic planning is an internal management tool as well as a method of monitoring the operating environment to plan for change or growth of an agency. The process can be of value to new systems that are just beginning to expand, as well as to older systems that must readjust to major shifts in market and service needs. For new systems, especially, the process can act as a lever for consideration by policymakers of the mission of public transportation and the role of the transit authority.

This is a debate that is especially vital in rapidly expanding regions that are just beginning to establish public transportation networks. The 1980 census reports tell us plainly that major population shifts are taking place in the United States. The current decline in transit use is closely associated with these shifts. People and jobs are moving from cities to suburbs and from the North to the South and the West. This means that the public transportation market is moving from areas and regions with the most public transportation to those with the least. It also means that there is a vast opportunity for developing transit services that are especially suited to the needs of this changing population. Specifically, it may mean that transit needs to develop flexible, cost-effective suburban service.

New systems need to progress strategically in meeting growing transportation requirements. Attempts must be made to use transit as a tool affecting growth as well as a service required after the fact. Under strategic management, vital regional issues and public policy considerations can be incorporated in the development of new systems or services that better serve the community.

While strategic planning can be critical to transit in expanding areas, the most severe challenges are those of older systems in the North and the East. These systems are facing rapid declines in their markets, development of travel patterns that they are not equipped to service, deteriorating rolling stock in many cases, and stiff competition for every dollar expended on public works. These are the systems that urgently need to formulate a strategic plan now.

For these systems, strategic planning may identify activities no longer useful or no longer best operated by the transit authority. These activities should be dropped or transferred to another agency. It may also identify new types of transit service or other activities that can be performed well by the transit authority. These should be fully considered.

Developing a strategic approach should not mean a starry-eyed plan for the year 2000. Strategic planning can be applied to the routine operational decisions that need to be made every day. It assures a more systematic process of decisionmaking to provide broad information to management on an ongoing, as opposed to an issue-by-issue, basis. It also can aid management in defining in a timely manner the issues that require attention to the long-range view--issues such as energy use, vehicle supply, or manpower allocation.

MAKING USE OF WHAT WE ALREADY KNOW

While strategic planning can provide a unified approach to reaching future goals, transit managers need to assure that the organizational and technological improvements already under way are factored into the strategic planning process. Every improve-

ment made today strengthens transit's position for the coming years.

Cooperation with labor is critical to the success of a transportation strategy. Labor has been a key element in the transit coalition from the start, and the continued success of public transportation requires that the interests of labor be carefully considered. With labor costs amounting to 70-80 percent of operating budgets, economic conditions are forcing labor and management to agree that working together is the only way to achieve mutual satisfaction.

Productive scheduling of the transit system's work force, employment of part-time operators, quality circles, labor-management committees, and shared costs of benefits are just some of the approaches that need to be considered. It is time for labor and management to improve their relationship and to discuss issues openly, recognizing that both sides have much to gain as well as much to lose. There is no longer the time or inclination on either side for lack of communication, hostile stares across a negotiating table, or inflexible commitments to traditional goals.

Exploiting technological advances is another area that transit needs to push to the forefront. Technological innovation can be a tremendous boost to productivity. It provides opportunities to save money, to streamline operations, and to consolidate. Automated information for passengers, computerized scheduling, route planning, maintenance systems, and automated fuel and oil systems are just a few of the innovative techniques that can help.

Developing a valid and reliable system of per-

formance indicators is one other technique that should be more fully exploited. Transit managers must have mechanisms in place for rapidly assessing the performance of their system and for triggering a quick response when any warning surfaces. Improvements cannot be made without understanding daily performance and trends toward weakness. Transit systems, therefore, must develop the analytical capabilities and information systems needed to keep abreast of how well, or how poorly, they are operating.

Investing in human resources and organizational development is necessary not only in view of transit's aging workforce but also because it offers substantial pay-offs in enhanced productivity. These advantages will not be reaped, however, unless transit properties have a workforce that is well-trained, highly skilled, and prepared to respond to new challenges. Transit must develop a strong cadre of middle managers and operational personnel today so that they will stand ready to move ahead.

THE FUTURE IS NOW

In conclusion, public transportation has always been faced with challenge and uncertainty. This decade and the next will surely bring more of the same. The need to manage as effectively as possible transit's day-to-day operations, while keeping an informed eye to the future, has never been more necessary. What transit managers do today is a primary determinant of what they will face tomorrow. The future is now and transit must respond.