# bus in a city Case Study: TO Transpo

## Instructions

Read the case and answer the questions that follow in Part 1.

Toronto's transit organization, TO Transpo, is an independent, self-governing agency of the city government established on April 7, 1930. It is charged with planning, developing, marketing, and operating Toronto's public transit system. With a crew of 12,000 employees, TO Transpo aims to deliver on-time service to its customers. Ask any employee at TO Transpo and they will tell you, "We are in the business of moving people."

The agency's mandate is set out in Ontario's Transit Act. TO Transpo reports to Toronto City Council. Council appoints TO Transpo's Board of Directors which currently consists of: 6 City Counciliors, 4 Citizens, 2 Business Owners, and 1 Non-voting Advisor. The Board of Directors is responsible for appointing the CEO of TO Transpo.

TO Transpo's operations funding relies on self-generated revenue such as fares. The vast majority of operating funding of public transit goes to pay employee salaries and benefits (as much as 70% of the total budget). Other operating funding goes to pay for such things as: fuel, insurance, maintenance and utilities. While the City of Toronto is responsible for fully funding TO Transpo's capital needs, the province of Ontario and the federal government of Canada frequently contribute money. Capital funding in transit is most often used to buy new buses, but it can also be used to build new garages, subway lines, and bus shelters. Last year, funding for TO Transpo's capital budget consisted of:

* City of Toronto: $339 million or 46%
* Province of Ontario: $195 million or 26%
* Federal government of Canada: $208 million or 28%

Last year, TO Transpo provided 528,233,000 passenger rides on 140 bus routes, 11 streetcar lines, and four rapid transit lines. A total of 520,200,000 passenger rides were provided the year prior. With the development of new office buildings and condo living communities in and around the downtown area, ridership is expected to increase to 540 million by the end of next year.

## About TO Transpo

### Vision

A leader in creating a sustainable future: Connecting people and communities.

### Mission

We provide safe, reliable, efficient, integrated customer-focused public transportation solutions and services.

### Values

* Safety: We will ensure and improve the safety and security of our employees, customers, and assets.
* Customer Service: We will work with our customers to meet and exceed their needs and expectations.
* Sustainability: We will measure, improve, and be accountable for our environmental, financial and social results.
* Integrity: As stewards of public resources, we will use our assets prudently and be honest, professional, and respectful in our communications and conduct.
* Innovation: We will develop new opportunities and ways of doing business, and will work to continuously improve the value and quality of our services.
* Collaboration: We will cultivate strong partnerships, recognize communities’ complex needs and create services and opportunities that promote healthy communities and enable choice and connection with other types of travel.

TO Transpo's organizational structure includes:

Chart. At the top is Chief Executive Officer in red. Below in green is the executive director corporate communications, head of safety and environment, chief of staff, head of audit. below in blue is five boxes. 
First box: Acting chief customer officer. Strategy and customer experience group. Represents the customer throughout the journey. Sets standards, develops service offerings and analyses performance. List: customer communications, customer development, customer service centre, team, strategy and service planning.
Second box: chief financial and administration officer. Corporate services group. Oversee legal and financial compliance. Provides comprehensive systems and logistical support. Provides comprehensive H R development and training for our people. List: board services, finance, human resources, IT Services, legal, materials and procurement, pensions, property development, training and development.
Third box: Chief capitol officer. engineering, construction and expansion group. Develops, improves and expands the network. Owner of the capitol portfolio. List: capitol programming, construction, engineering, strategic partnerships.
Fourth box: chief operating officer. operations group. Delivers reliable, punctual subway service and maintains the transit network and fleet (bus and rail) to stringent safety and customer service standards. List: bus maintenance, operations control, subway and streetcar maintenance, rail infrastructure, subway transportation, plant maintenance, revenue operations.
Fifth box: Acting chief service officer. Service delivery group. Delivers world-class service on all bus and streetcar routes, and to customers day in and day out. List: bus transportation, streetcar transportation, group station, collectors, station janitors, transit enforcement.

Each of the 5 functional areas is lead by a Chief Officer. Within each functional area are core Business Units lead by a Vice President (VP) who reports to the Chief Officer. For example, the Strategy and Customer Experience Group consists of 5 Business Units, each lead by a VP. Vice President oversees Directors who are responsible for managing departments within the Business Units. For example, within the Customer Service Centre business unit there are 2 Directors; Director of Customer Experience (department) and Director of Language Services. Each Director oversees managers within their areas. Managers oversee teams of supervisors and front-line staff and supervisors are responsible for managing front-line staff.

TO Transpo's current business strategy includes:

1. Creating a quality driven organization.
2. Achieving Financial sustainability.
3. Establishing accountability-based relationship with key stakeholders (Council, transit committees, unions etc).
4. Integrating city planning and environmental issues in growth.
5. Fostering transparency and performance reporting to City Council.
6. Creating new relationships with front line employees.

Transpo's business strategy was designed to meet stakeholders needs. Stakeholders want a transit system that is:

* Fast, reliable, and accessible to all people and ranges of mobility.
* Easy to use through improved technology and design.
* Integrated with key destinations, accessible hubs, community development, and other types of travel, particularly walking and cycling.
* Inviting safe, clean, and accessible to all.
* Responsive by engaging customers and communities in its evolution.
* Cost-effective In that it is affordable and making efficient use of resources.
* Positive part of a healthy, socially responsible lifestyle.
* Sustainable not only providing positive environmental and social benefits but financially and structurally organized to be viable and grow with communities over the long term.

## Challenges Facing TO Transpo

**In recent years, TO Transpo has recognized the challenges it faces as it attempts to modernize transit. The following is an overview of the challenges it faces**

### ****Aging population:****

**Ontario's 65 and older age population is expected to grow from 18% to 25% in the next 15 years. Coupled with these statistics is the increase in life expectancy for men from 74 to 79 and for women from 80 to 83. This means transit will need to be ready to attract and orient people previously auto-dependent. Transit will not only need to make services accessible and easy to use, but it will need to make it cost-effective given that fewer working tax payers will pay for transit services.**

### ****Continued urban and regional growth:****

**Growth in Toronto's urban centers has seen a demand and growth for green buildings, residential dwellings (condominiums) and green environments. With increased growth comes increased congestion and pollution. Transit will need to identify effective and efficient modes of transportation that reduce travel time. Energy sources and investment in new types of buses must consider how transit system plans to reduce greenhouse gas (GHG) emissions.**

### ****Technological advances:****

**TO Transpo customers want to be kept informed of all services. While customers expect the system to make the most of latest technology, costs of implementing and managing new systems must be factored into the potential risks of these new technologies.**

### ****Less predictable economy:****

**Changing population demographics, increased attention to reducing GHGs, and investment in changing technology creates sizable impacts on local and provincial economies, making economic trends unpredictable. This could impact local and provincial funding for transit.**

### ****Recruitment:****

**Employee turnover has risen from 2% to 4% last year. Reasons for this increase is due to retirement, lack of job satisfaction, limited promotion opportunities, and firing due to job performance issues.**

## Key Performance Indicators

TO Transpo uses a number of Key Performance Indicators (KPIs) to measure critical items, such as; punctuality, reliability, financials, and safety and security. Daily reports are used to show how the they did on the previous business day in meeting its commitment to providing punctual Subway/RT, bus and streetcar service. Additional KPIs include, a Customer Satisfaction Survey and a Mystery Shopper Survey.

A recent customer service survey revealed the need for TO Transpo to improve service delivery. The pressure to improve is compounded by the public's perception and media reports around poor service. Below is a summary from a recent survey capturing customer feedback regarding TO Transpo's on time service performance and satisfaction. The data was collected from January to April of this year.

### On Time Service Performance

### Customer Satisfaction

## The Request

The Chief Service Officer of the Service Delivery Group, Marlene Wright, has contacted TO Transpo's VP of Human Resources, Glen Pasteur, for assistance. She and her 6 VPs met last week to address the concerns from the customer service survey recently conducted for the period January to April of this year. In the Service Deliver Group front-line staff consist primarily of Transit Operators, Collectors, Dispatchers, Store Room Attendants, Custodians, and Security Officers.

Prior to attending the meeting with Marlene Wright, her VPs were expected to come prepared to discuss the issue of how their area was addressing on time performance and customer satisfaction. Marlene was able to conclude that:

* The successful performance of all business units relied on other factors such as; availability of buses by the Operations Group.
* They were also somewhat frustrated by the demands placed on their front-line staff to provide customer experiences when they did not have the resources to follow through on expectations (of Transit Operators and Collectors).
* Managers reported to their Directors that they were expected to share information about a new service being offered to customers however they had not been told about the advancements made. This issue stems from online purchasing that the Farecard Team recently introduced with the assistance of Customer Communications.
* Directors from each department consistently expressed that Managers and Supervisors were not demonstrating behaviours of a leader. Directors have seen an increased number of employee grievances and higher turn over rates of front-line staff.
* All front-line staff attended the new customer service experience 2 day course, *EXCEL*, last year offered by the Training and Development Business Unit. This 2 day course was also integrated into new hire orientation programs. Four months ago, the 2 day course was offered to front-line staff who were unable to attend last year's offering.
* Managers and Supervisors were offered a 1/2 day overview of the concepts and experiences their staff covered in the 2 day course.
* All agreed they would need to take a greater leadership role than they have in the past to actively create conditions for success.
* They want leadership to promote organizational mission and goals and to show the way to achieve them. Therefore, leadership competencies are critical to staff development.

Marlene shared the following with Glen:

"There is a sense our leaders don't have the tools to be leaders. Our VPs tell me that we have no formal leadership development program. As you know, Operators move into managerial positions as a result of years of service and experience in transit. I am hoping you can have your area pull together a one to two day program on leadership development.

You know Glen, the Service Delivery Group is focused on strengthening a culture of service excellence. This means we have to build employee morale and a sense of community for staff who need to work together to deliver customer service excellence in transit services. We both know that my area consists of front-line staff who directly interact with the public. We've got to give them something. Please see what can be done about running our leaders through some key courses. This initiative will be overseen by the VP of Bus Transportation, Marcel DuBois. He will approve and communicate all decisions pertaining to this initiative."

Glen has discussed the issue with the Director of Learning, Preet Lal. The Director of Learning informed the Training Manager, Lola Razi, who in turn requested that you offer a 2 day training program to managers and supervisors in the Service Delivery Group. You are aware that there is no formal leadership development program in-house and that most managers and supervisors have had little training in the past. Most training is technical in nature. Human Resources has not focused on succession planning or developing leaders through a leadership development program. Some of the courses offered do contain elements of leadership. Most courses focus on day-to-day management issues. The following courses are offered by Learning Services:

* Labour Relations & Collective Bargaining
* Progressive Discipline
* Complaints and Arbitration
* Conflict Resolution
* Diversity
* Strategies for Effective Supervision (focuses on achieving Organizational Effectiveness, Team Effectiveness, and Individual Effectiveness)
* Communicating with Others
* Time Management Skills for the Busy Supervisor

The leadership role at TO Transpo is comprised of 20 competencies. The competencies are organized into 3 categories (Appendix A) related to leader attributes; 1. Leading the Organization, 2. Leading Others, 3. Leading Yourself.

### Appendix A

| Leading the Organization | Leading Others | Leading Yourself |
| --- | --- | --- |
| * Being a quick learner * Change management * Decisiveness * Strategic perspective * Strategic planning | * Building collaborative relationships * Compassion & sensitivity * Confronting problem employees * Employee development * Inspiring commitment * Leading employees * Participative management * Putting people at ease * Respect for differences | * Balancing personal life & work * Career management * Composure * Culturally adaptable * Self-awareness * Taking initiative |

## Part 1 - Questions:

1. What is the opportunity or discrepancy?

2. What data do you need now? Why?