

ONTARIO CENTRE FOR MUNICIPAL BEST PRACTICES

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Best Practice Summary Report

August 2004

Urban Transit – Strategic Business Plan Management

TR – 04 – 06

Practice Identification: Strategic Business Plan Management

Case Study Municipality: City of London-London Transit Commission

Key Word: Management Organization

Benefits Resulting from Adoption of the Practice:

- ~ **improved ridership**
- ~ **reduced costs**

Description of the Practice in the Case-study Municipality

London is a community of approximately 350,000 people, served by the London Transit Commission (LTC). The Commission operates independently of the city departmental structure, with commissioners representing both City Council and community members. The Commission reports to the City structure through the Environment and Transportation Committee (ETC).

London Transit comprises approximately 330 transit operators, inspectors and dispatchers, 80 maintenance and service personnel, and an administrative and customer service staff of approximately 40.

In the period from 1987 through 1996, transit ridership declined by almost 40 per cent, prompting a series of traditional responses including service cuts and fare increases, common throughout the industry at the time.

In 1994/95 LTC began the development of a comprehensive Business Plan designed to focus the organization and support a turnaround in ridership declines. As a result of the plan, LTC was able to capitalize on favourable economic conditions with a series of initiatives including:

- ~ introduction of innovative fare restructuring supporting the use of effective pricing (e.g. deep discounted tickets) and media options (e.g. U-Pass and 90 minute open transfer) to maintain and build ridership;

- ~ service restructuring, including service design, types of services and re-allocation of service hours ;
- ~ establishment of a brokerage operation to effect the delivery of specialized transit; and
- ~ a change in attitude and progressive organizational change.

Each of these individual programs has been highlighted in information sharing presentations as part of the efforts of Canadian Urban Transit Association (CUTA) and the Ontario Community Transportation Association. In some cases, these initiatives have been replicated in other municipalities; in others, LTC has adapted other programs for their own use. In 2001 the LTC received CUTA's Corporate Recognition Award for Innovation for the Business Plan and business planning process. This report focuses on the effective use of a business plan and planning process as a management tool that LTC staff credit as the catalyst of all of these programs.

Overview

The development and implementation of the LTC strategic plan can be best described as a collective effort involving all levels of the organization. The plan identifies responsibilities, and expectations for the overall goals for the transit system, which are in keeping with municipal objectives. These goals were then translated into specific performance targets that would guide the monitoring and measurement of progress; objectives were developed within key functions; objectives were used to develop operational work plans designed to advance performance in all key areas.

Plan Details

The LTC Business Plan establishes performance indicators for both conventional and specialized transit for a 3-year period and sets the tone for continued growth beyond the respective 3-year period. Targets include measures of overall ridership, rides per hour, revenue/cost ratio, net cost per passenger, operating cost per trip and trips per capita.

The plan establishes six strategic objectives that contribute to the overall mission: service, human resources, finance, innovation and technology, communication, advocacy and partnership, and asset management. A hallmark of the plan is LTC's recognition that many of these objectives have both complementary and competing elements. The plan and plan process are progressive in nature and provide the basis for balanced, measured and sustainable growth.

In the balance of the plan, each strategy is defined with objectives, principles and challenges. Based on these parameters, a work program response is developed on an annual basis, designed to support attaining the performance targets. Each specific work program response is geared to a specific strategy and its objectives, and demonstrates the expected impact on the relevant performance measure.

Detailed work programs are developed that identify specific elements, their relationship to each of the strategies and their objectives, program priorities, completion dates and responsibilities. While each business plan is developed for a three-year period (the current plan is for 2004-2006), many of the work programs have and will carry over the life of an individual plan – asset management and vehicle replacement programs, for example.

Work programs then form the basis for the development of day-to-day activities by departments and individuals charged with responsibility for each element.

Updates on work program activity are provided on a quarterly basis to the Commission. In addition to providing an update on initiatives, the quarterly reports identify emergent issues that may result in a refocus of program plans.

Evaluation of the Practice

Effectiveness

In the development and implementation of this business planning process, LTC staff stresses that their Business Plan not only provides strategic direction but is also a daily management tool. Using the various elements of the plan and the reporting structures, staff ensures that all activities are consistent with the requirements of the plan and contribute to attaining specific objectives on a regular basis.

The LTC has consistently met, or nearly met, identified key performance targets as set out in the respective plans commencing with the first plan in 1995.

LTC also uses its Business Plan as an advocacy tool, designed to familiarize commissioners, politicians and the public with the nature of the systems' performance goals, their required commitment and investment and the status in attaining those goals. LTC's proven track record in these areas make the overall plan and its status report an effective communications tool.

Staff stress that the reporting is as objective as possible, highlighting both successes and failures on an on-going basis. Reporting on deficiencies is handled within the context of the plan as a management tool: where performance is not to expected standards the plan is used to identify possible causes and solutions, and work programs adjusted to address the issue.

London's 2002 MPMP results exhibit the highest rides per capita in its population group, and the fourth highest rides per capita in the province, including the largest properties, which traditionally demonstrate very high performance in this area.

Efficiency

Another important element of the application of the plan is its role in assuring that each operating element of the LTC system is operating at its peak efficiency. Several of the key strategies include efficiency objectives, particularly service

delivery and finance strategies. As well, several of the key performance targets are directed to efficiency, including cost per passenger and revenue/cost ratio.

In developing work programs and related activities, program managers use a process review management tool, carefully assessing each process element of all operating and management functions, with a view to determining the value of each process step, identifying options or potential to eliminate steps, and assessing the risk to the effectiveness and efficiency of the process from possible adjustments.

As an example, a process review was completed on the procurement/accounts payable process. The review identified redundancy and duplication which, when eliminated, saved over 100,000 photocopies annually and allowed redevelopment of one staff position, with an annual savings of over \$50,000.

London Transit's MPMP results exhibit the lowest cost per trip in its population group, and the fourth lowest cost per trip in the province.

Replication of the Best Practice

This approach to strategic planning combined with tactical management can be replicated in virtually any transit system and municipality and many systems use business plan development in similar ways. Where transit is managed within a departmental structure in the municipality, specific plans may be required to adapt to the requirements of an overall municipal business plan.

The key feature of the implementation of the business plan tool is the approach to its use as a daily management tool. While many systems have business plans, many fulfill a much more strategic role. Staff credits the use of the plans and planning process as key to the system's overall exceptional performance.

Implementation of this planning and management method requires disciplined adherence to the planning model, and as such requires a significant dedication of staff time and resources.

Among larger transit systems, the HSR in Hamilton was found to have a similarly structured business plan and management approach to its implementation and use. In a smaller population group, the City of Guelph is a leading municipality, based on MPMP results, and also has a similar practice.

Guelph Transit's plan is designed to support the fundamentals of the city's higher-level Corporate Strategic Plan. It was conceived with the involvement and contributions of all levels of management including front line supervision as well as participation by some front line employees.

The plan first identifies *mission statement* and outlines primary *objectives*, which both compliment and expand upon the overall corporate strategies. Next, it focuses on the articulation of specific *actions* to support the basic objectives. Managers and supervisors rely on the identification of these objectives to shape an implementation strategy for projects and initiatives and in developing time lines

and accountabilities for their completion. Funding and budgetary requirements are also documented. The objectives and actions, when assigned to individual employees, form the basis of their personal goals relevant to their annual performance appraisals.

The end result is a road map by which Guelph Transit navigates through virtually all of their non-operational day-to-day activities from small initiatives and pilots to major projects. The fine detail in the plan is invaluable as a motivator for individual employees whose accomplishments are being formally evaluated in a performance management program and also essential in providing a sound base line for budget development.

Within the best performing systems, based in 2002 MPMP results in each of the four population size categories, strategic plans with comprehensive operational elements are maintained as follows:

- ~ systems over 400,000 population: 3 of 3 top performers
- ~ systems for 150,000 to 400,000 population: 2 of 2 top performers
- ~ systems from 50,000 to 150,000 population: 1 of 4 top performers with 2 under development
- ~ systems under 50,000 population: 0 of 4 top performers

Supporting Documentation

A copy of the London Transit 2004-2006 Business Plan, sample work programs, related annual reports and supporting documents are available.

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