

What Gets Measured Gets Looked At: Performance Measurement Highlights

By Sasha Page

How do airports benchmark themselves? What customer service standards have airports established? How do managers reward good performance? These were questions addressed in a variety of ways at last year's AAIE National Performance Measurement and Benchmarking Workshop in Tampa. With the next workshop planned for October 14-15, here are some highlights from the last workshop, including experiences from airports in Nashville, Indianapolis, New York and Tampa.

Nashville: Strategic Business Plan and Yellow Belts

Just after 9/11, Metropolitan Nashville Airports Authority (MNA) embarked on a Strategic Business Plan (SBP) process to establish its strategic goals and to use performance management to assess progress in meeting those goals.

As Figure 1 illustrates, led by President and CEO Raul Regalado, MNA established a clear hierarchy between the organization's mission and values and corresponding strategic priorities. These in turn guided the activities of departments and, sometimes, individuals through action plans. Finally, MNA developed a set of performance measures to monitor the realization of the SBP. It was critical to establish the organization's goals before launching into an extensive number-gathering and -crunching exercise, which, unfortunately, is not always the case.

In establishing its measures, MNA employed a "Balanced Scorecard" technique developed by Kaplan and Norton that suggests that performance should be measured in four categories: customer service, financial, efficiency and effectiveness, and

learning and growth. That translates into measures that include the traditional airline revenue per enplaned passenger (EPAX), the efficiency-driven operations and maintenance costs per square foot of terminal, a human resources-oriented staff turnover rate, and a careful evaluation of customer comment cards.

To ensure that the organization is focused on identifying best practices and not just benchmarking statistics, MNA now requires that all employees receive at least yellow belt training in the Six Sigma continuous improvement program, a methodology that companies like GE have employed with success. Through this effort, MNA makes its employees understand that "we are an organization of processes," which need to be continuously assessed, managed and improved.

Indianapolis: The Matrix and Variable Compensation

Indianapolis International Airport (IAA) is operated by BAA, a UK-based private airport company. Patrick

Dooley, airport director for BAA Indianapolis LLC, expresses BAA's performance measurement philosophy as, "If it moves, count it. If it stops, talk to it."

Under the terms of the operations and maintenance contract, BAA is evaluated on its attainment of 25 performance measures as show in Figure 2. These contract matrix measures include annual measures covering capital improvement program DBE/MBE/WBE participation, non-airline revenue and Part 139 inspection; semi-annual measures including safety and security communications and customer service board relations; quarterly measures reporting EPAX rankings and customer service quality targets; and monthly measures running the gambit from security responsiveness to parking exit wait-time to maintenance faults.

BAA's ability to meet or exceed measurement targets has a clear impact on its bottom line. As Figure 3 shows, BAA does not receive any variable compensation unless it meets at least 70% of its contractual minimal performance goals.

Fig. 1 NASHVILLE'S STRATEGIC BUSINESS PLAN PROCESS



Fig. 2 BAA'S CONTRACT MATRIX MEASURES

Annually	Semi-Annual	Quarterly	Monthly
CIP DBE/MBE/WBE Participation	Safety and Security Communications	Non-Stop Route Development	Airline Service Level Agreements
Police/Security Budget	Customer Service Board Relations	Enplaned Passengers Ranking	Condition of Parking Facilities
Non-Airline Revenue	CIP Management	Customer Service Quality Targets	Health and Safety Audits
O & M DBE/MBE/WBE Participation	Process Compliance		Security Responsiveness
O & M Expenses			Economy Shuttle Times
CIP Program			Tiger Shuttle Times
CIP Timeliness			Parking Exit Wait-Time
CIP On-Budget			Maintenance PPM's
Part 139 Inspection			Maintenance Faults
			Maint. Generated

Fig. 3 BAA'S VARIABLE COMPENSATION TARGETS

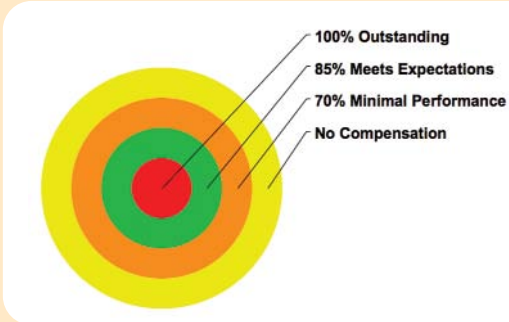


Fig. 4 TAMPA'S EMPLOYEE INCENTIVE PROGRAM PAYOUT HISTORY



Because of its performance-oriented contract, the organization has established a personal performance matrix, by which most of its employees are evaluated. For instance, a patrolman is evaluated on door alarm response time and attendance among other measures, while the air service director is evaluated on the number of airline contacts and meetings established and the number of community meetings attended. The Authority also reworked its shuttle bus program due to increased roadway congestion that resulted in poor attainment of bus frequency goals.

Port Authority of New York New Jersey: Customer Service Standards

Joanne Paternoster, the former Assistant Director for Customer Services and Standards at the Port Authority of New York New Jersey's (PANYNJ), spoke about how the PANYNJ and other airports are establishing clear customer service standards by which airport employees and vendors must abide.

At PANYNJ, Paternoster helped establish such standards from how customers were to be greeted to how bathroom sinks had to be wiped and to how terminal, roadway and other signs had to be designed. Not only have these standards become models for other airports, but airports have begun to codify these types of standards in concession and other tenant contracts.

Tampa: Employee Bonuses

Tampa's Performance Management Analyst Dallas Dawson described how the Hillsborough County Aviation Authority (HCAA), which runs Tampa International Airport, has made performance measurement a central management tool, guided by the following philosophy:

- What gets measured (looked at), gets done.
- What gets feedback, gets done well.
- What gets done well, gets rewarded.
- What gets rewarded, gets repeated.

HCAA is one of the key organizers of the Airport Initiatives in Measurement (AIM) program, an effort of medium- and large-hub airports to share performance information on a confidential basis.

One way that HCAA motivates its employees to meet performance targets is through its Employee Incentive Program (EIP), which makes HCAA employees eligible to receive a cash performance bonus of up to \$1,000 (it has recently been raised to \$1,500) based on up to \$750 for organization-wide financial performance and \$250 for departmental goals. Organization-wide goals include increasing non-airline revenues, decreasing non-airline O&M expenses and net airline fees and charges. As Figure 4 shows, EIP awarded HCAA employees between \$814 and \$1,000 in EIP rewards from 2000 to 2004.

HCAA also gives Individual/Team Recognition Awards (ITRA) in which

individuals or teams are recognized for "significant or extraordinary contributions to the business or operational success of the Authority," allowing them to receive a \$1,000 bonus. ITRA is not an HCAA budget item, but funded out of savings and therefore is tied to the achievement of a specific project or program.

Performance Management Evolution

As this overview suggests, airports are addressing performance measurement issues and related areas including strategic planning, employee motivation, and contracting in different ways, based on their specific needs and unique perspectives. As airport performance measurement matures, AAAE plans its sixth National Performance Measurement and Benchmarking Workshop in New Orleans on October 14-15 in conjunction with the National Airports Conference. This is an opportunity to learn more about yellow belts, the matrix, treating customers well, and how, maybe, to earn a larger bonus. For more information, please access www.aaae.org.

How does this experience compare to your airport? If you would like to share your ideas, please e-mail Sasha Page at spage@imggroup.com.

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