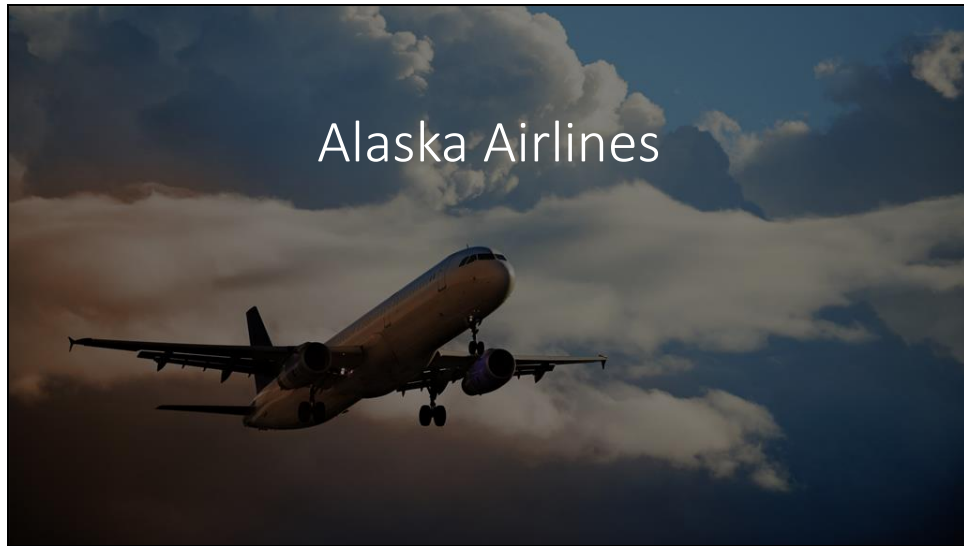


Slide 1



An organizational change plan based on Avolio et al.'s (2005) explanation of Alaska Airlines and the issues it faced.

Slide 2



We need a transformation!

In this presentation I will explain the problems that are facing the company and new direction I propose for Alaska Airlines based on the 8 steps posed by Kotter.





Problem and Impact and  
Organizational Needs

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- Contractor Relations
- Labor Relations
- Ability to React to Adverse Situations
- Operations

The Problem and the Forces Driving It (based on information from Avolio et al., 2015). It is critical to understand the problem. Change is meaningless if we are not clear on the problem. A critical factor driving this need for transformation is that the level of customer satisfaction and loyalty on which we have been able to rely, is eroding.

At this stage, Alaska is facing a number of operations related issues including late flights and luggage mishandling. This is not necessarily the root of the problem but some of the symptoms of it.

This is predicated on the idea that the declining customer loyalty is based on the issues of flight delays, baggage handling, and related operational issues.

Alaska Airlines had an up and down history (no pun intended) of having and resolving issues (Avolio et al., 2015).

Now, some of the most recent issues relate to the culture, labor relations, external events (Sept 11, 2001), and costs. In fact, one of the most recent strategies had been to work on reducing labor costs, which meant job cuts in several areas. Despite union negotiations, pilots and others received cuts in pay.

These most recent issues are playing a role in creating several problematic situations that impact customer satisfaction. Operations was impacted by the vendors unable to meet ramp operations, closures in various locations, and more. While this may initially suggest that the problem is “operations” but it is not a simple problem. Instead, it is a complex array of issues. The problem is multifaceted and includes issues with contractor relations, labor, and a clear sense of priorities (all activities have to be balanced with the overall need for safety and value). The impact to the organization includes the loss of customer satisfaction and loyalty, loss of revenue, and loss of quality employees when labor issues are not resolved.

#### Needs Driving the Change:

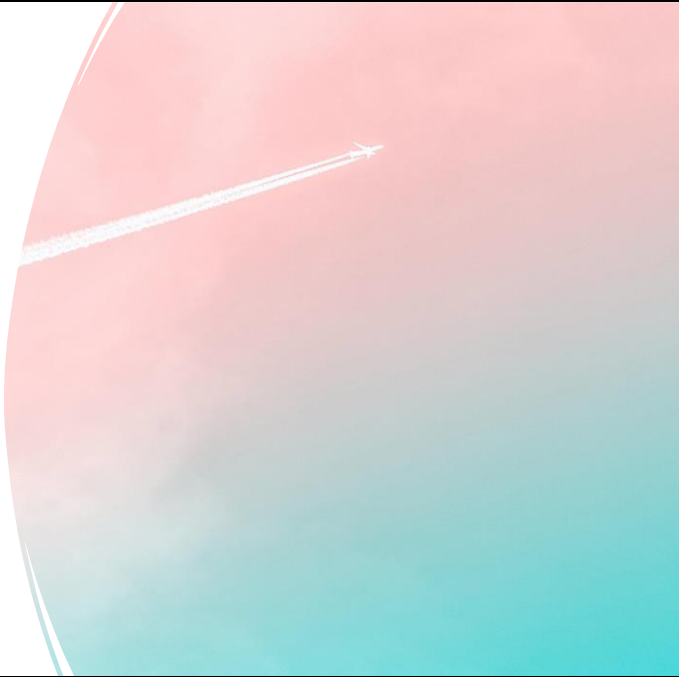
- Customer Satisfaction and Loyalty
  - Without this, we have no reason to be in business. We serve our customers. We want satisfied, happy customers who choose Alaska Airlines
- Shareholder Satisfaction
  - We have an obligation to our shareholders and this only happens when we are successful
- Employee Satisfaction
  - We want this to be a premier place to work providing an environment where employees want to excel.

Change must be managed in a way that is not negatively impactful to the customers.

Variables,  
Underlying Causes,  
Gap

---

Getting from here to  
there and the things  
we need to address  
to do so!



Some of the variables, conditions, issues, and individuals that may impact this proposed change effort

Causes:

- Silos
- Lack of communication that includes a lack of sharing of important data.
- Overall Lack of data
- Inability to reach agreements in managing labor relations
- Traditional, "this is the way we do things" mindset
- Lack of accountability for both employees and contractors

Where we want to be:

1. Customer Satisfaction and Loyalty
  - Without this, we have no reason to be in business. We serve our customers. We want satisfied, happy customers who choose Alaska Airlines
2. Shareholder Satisfaction
  - We have an obligation to our shareholders and this only happens when we are successful
3. Employee Satisfaction
  - We want this to be a premier place to work providing an environment where employees want to excel.

Gaps

- We have a gap between where we are now and the level of customer satisfaction and loyalty we want and an expectation we can maintain it.
- We have a serious lack of employee satisfaction particularly in relation to the labor relations issues.

### Getting From Here to There

How do we get there?

- Design an information system that allows us to collect and monitor data in real time.
- Labor Relations disputes resolved
- New operations processes that directly relate to KPIs and can be monitored by the information system
- New employee communication system (should ultimately be connected to the information system as it is just as crucial in terms of data to review).
- New processes that address communication, performance expectations, performance goals, desire for employee ideas and innovation, and ongoing tracking of employee satisfaction.
- New processes that relate to expectations and management of contractor relations.







The goal: To help others understand the critical need for change, to understand how critical it is to act now (Kotterinc.com, n.d.).

It is critical to make sure that you, the leadership at Alaska Airlines understand the seriousness of the problem and that something must be done immediately, there must be a sense of realism. This is a critical first step (Keow, 2019).

You are the ones that can make a change possible and my goal here is to help you understand and to become eager to resolve the issues. This means that as many as possible must understand and find the issues relevant. It is not simply that there is a problem now but that this has serious implications for the future. To be able to do this we have to know who the key individuals are that can make this change possible (Kotter & Rathgeber, 2017).

Data is a critical tool and data helps to show us the issues. We must make sure we are paying attention to all kinds of data sources to understand the seriousness of the issues. For example, baggage handling data shows major concerns. Customer satisfaction surveys indicate that we are losing customer approval and loyalty is sure to follow.

My goal is to systematically and intentionally explain the key elements of the problem and its implications for the organization (Schumacher, 2019).

Why am I pushing this so hard?

A clear sense of why this is critical must be part of the communication (Kotter & Rathgeber, 2017). People should be able to truly feel the need, allowing us to build momentum for making the needed change (Creately, 2019).

Honesty is a critical part of this process. This is going to mean open, honest communication and communication provided in a manner that recognizes the needs and fears of all stakeholders. Communication should flow down through the organization to all employees. The communication should be in person, as the use of tone and body language can help employees understand the urgency and importance of the issues (Schumacher, 2019).

Managers are encouraged to present this information in an open forum environment allowing employees to respond, ask questions, and offer thoughts (Creately, 2019).

## SLIDE 8



Alaska Airlines is not a stranger to the process of change (Avolio et al., 2015). The forecast shows that if the issues are not addressed the company could “go under.” Executives have erroneously assumed that managers would be able to convince employees of a need for reductions and that employees would be willing to make this sacrifice. Executives also assumed that what could be resolved with the unions would be better than bankruptcy. The current process assumes that all levels understand and are buying into the changes needed. The reality created a worsening situation rather than resolving and creating needed change to ensure the success of Alaska Airlines.

A change leader is a critical component. I propose that a key individual, answering to the head of the company, should be assigned to manage the change initiative. This person will have a team of individuals, discussed more in the next slide.

As part of the process for change, support may be requested from throughout the organization.

It is important to consider threats and opportunities.



Kotter's Step 2

The Support We Need  
Forming a Coalition

Gain and Maintain

Commitment

## Support

It is critical to be able to gain support and maintain that support for this change throughout the organization.

While communication is a step that will be addressed in a coming slide, regular communication is important. Employees need to understand the importance of their role and have a process by which they can offer input, ask questions, and express concerns.

## Guiding Coalition

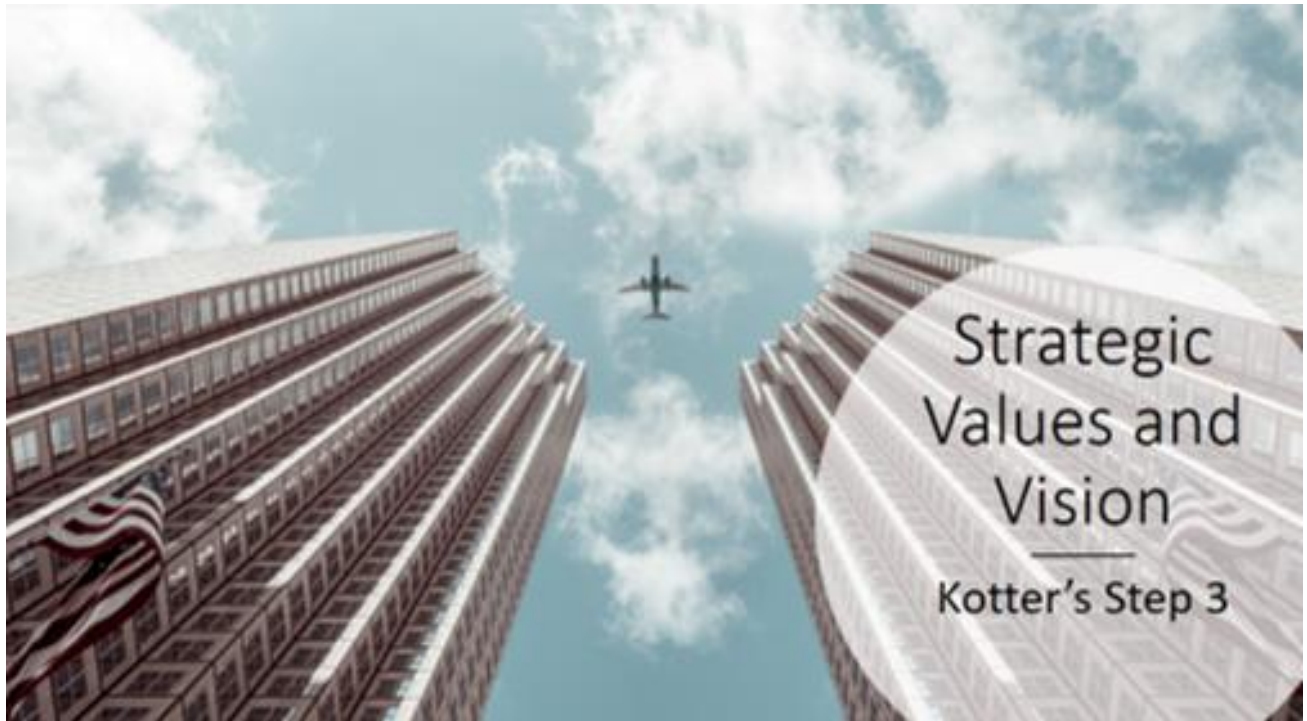
The person select to lead the change process, who should have the authority and ability to communicate directly with top leadership, should select the group of people that will help him or her make create and implement the change.

It is critical to have the right people. Kotter and Rathgeber (2017) suggest not just leadership but credibility (which are not necessarily always the same) as well as those with analytical skills and communication skills. Effective change will require input, which may be multiple individuals from within key areas of the organization including HR, Finance, Operations, and Contracts and leads from key groups like the pilots. Each of the divisions should be represented and should include informal leaders as well.

This is the core group to enact change and requires not just interest but high levels of emotional commitment (Keow, 2019). Not only should the leader have a clear understanding of the strengths of each of the team members, it is important that the leader also understand the weak areas of the team.

## Commitment

This core group is critical and when each member is invited to be a part, it is important to not just request that they be a part but to clarify the importance of commitment. The team must share that sense of urgency and be willing work as a team to get things done (Kotter & Rathgeber, 2017). This team should engage in team building activities as needed to foster its ability to work together. Unity is a critical factor (Keow, 2019). Team building as an ongoing endeavor is as critical as the change project. This is also the opportunity to ensure shared understanding and to create an environment where the team members can express questions, concerns, and thoughts. This models what Mr. Ayer encourages from his executive team.



## Values

It is important to have a very clear sense of what the future looks like.

What values are essential to this change?

Performance has been a driving factor for the airlines (Avolio et al., 2015) yet there has been considerable problems related to the issues with employees, union contracts, etc. The connection clearly emerges and while Alaska clearly values performance, it cannot get there when it does not value employees. Avolio et al., highlight issues with performance and labour relations thus making those two areas a key focus for change.

Safety is critical and remains a primary focus for any organization and particularly one like an airlines.

Why?

Values from the individual's values to the organization's values plays a critical part in the change process (Amis et al., 2002). Values relate to the beliefs the individuals have about the organization and relate to the behaviors in which employees engage. Successful change is dependent on the alignment of values held by those within the organization and the desired change.

The values chosen in relation to this change initiative align with Alaska Airlines current values (Alaska Airlines, 2021):

Own Safety

Do the Right Thing

Be Kindhearted

Deliver Performance

Be Remarkable

Do the Right Thing ties to both internal and external actions by the organization.

## Vision

In order to have a clear sense of where this change is taking the organization, it is important to have a vision for this change effort.

How is this vision effective?

One of the issues that the airlines faced was the ease at which blame could be passed around (Avolio et al., 2015).

While the values associated with change relate to both performance and the value of employees, employees need to be inspired to recognize their role at every level in the success of the change and the airline. One of the issues highlighted by Avolio et al. (2015) was the issues with contractor relations. In this change initiative vision, "me" involves everyone contractor and employee.

Alaska's current vision is "We make flying matter." The vision for the change initiative fits with the current overall vision effort because both visions emphasize both excellence and the role of everyone ("we" in the overall vision and recognition that all employees play a role in the change vision).



Intended  
Targeted  
Outcomes

Success

- Labor Relations Resolution
- Implement, Test, and Use a Safety Reporting System
- Accountability Reporting/Metrics In Place Across all Facets of Operations
- Measurable improvements in Operations



The outcomes reflect on the focus on safety, performance, and employees with an emphasis on empowering employees, providing a sense of ownership in the change.

While safety was a big part of the Avolio et al. (2015) report, there was discussion of some incidence that played a role in negatively impacting the organization. Furthermore, given the nature of the airlines business safety goes hand-in-hand with superior performance. Only through a solid resolution will employees be satisfied and willing to perform in a manner that ensures overall superior performance for the company.

Avolio et al. (2015) talked about the fears employees had about being outsourced and infighting that began across employee groups. Burnout became a major issue. The goal here is to develop a clear ongoing understanding of all that are happening across all aspects of the operation. This creates an opportunity to see where one part may be impacting another part and where there are issues in the system.

Avolio et al. (2015) describe how Alaska Airlines focuses on one hub for performance and that is fine. It fits with a vision of overall superior performance and ensuring that the hub is at peak performance helps to create an expectation of how this may be implemented at all locations.

### Success

Success will be measured by clear achievements of the intended outcomes.

The implementation and testing of a safety reporting system will be directly measurable (that it is in place and provides the data required) Furthermore, feedback will help improve the system to ensure optimal use. The outcome is successful when the system is in place, tested, accessible by all employees, and output is clearly and regularly monitored and used. This should be developed and ready for testing within 4 months.

Successful labor relations resolutions will mean having contracts in place and that all aspects of labor are clearly in compliance with federal and local (state included) laws. Both wage and performance must be a major part of negotiations (as these were identified as critical factors in issues identified by Avolio et al., 2015). Morale (could incorporate job satisfaction and/or burnout) measured (sampled) as a way of evaluating improvement. The labor negotiations need to be completed in six months. A means to be able to monitor job satisfaction, morale, and burnout needs to be developed and tested within one year. This should be used in an ongoing manner to routinely.

Performance is measured through metrics that address all facets of operations including total costs and expenses, operating expenses and income, timeliness of flights (delays in departure, arrivals, etc.), efficiency in baggage handling including both losses and time necessary from landing to delivery to passengers. It is not simply a matter of implementing metrics but having a system that integrates and provides a clear dashboard relevant to each level, department, etc. and an expectation that the system will be used at every level. Performance can be tied to employees, teams, and leaders.

A system must be developed that allows for the integration and monitoring of these functions. This tool should be in place in six months with full implementation within one year.

Metrics will play an important in helping us to measure success. Data from key performance indicators such as those identified at <https://www.id1.de/2020/10/02/77-airline-operations-kpis-to-track-for-improved-operations/> will be used.

Employees should be trained on how to use the new system.



Communication in change is a little bit like being a salesperson. Leadership has to get the employees, at least a majority of them excited about it and committed to the change (Cohen, 2005).

Alaska Airlines needs to do three key things (Cohen, 2005):

1. Make an initial announcement that gets to all employees to communicate the vision.
2. There must be an opportunity for ongoing dialogue.
3. Key individuals needs to become part of the change team.

This is an interactive process such that as the organization communicates it creates an environment conducive to change that leads to such change. As change occurs and is communicated to the organization this in turn fuels the process.

#### Two-Way Communication

Alaska Airlines needs to implement a clear, easily accessible means for any and all employees to be able to communicate concerns and thoughts and to ask questions. The system should permit employees to be able to feel safe in expressing such concerns thus it should permit a means of anonymity. The company should clearly show they are following up with all communication. This shows that the employee input matters.

#### Direct Supervisors

Direct supervisors should receive regular, weekly communication on the status of change efforts. This ensures that they know what is happening and can provide information to their direct reports. Employees and supervisors should be encouraged to talk about the change effort and to express concerns without fear. A culture of communication and openness should be fostered from the highest levels.

#### Concerns and Anxieties

Having a clear system in place is part of how the organization can address concerns and anxieties. However, it is important to ensure that there is not only a means for expressing them but a clear plan for addressing concerns and anxieties. Employees should know that concerns and anxieties are not only captured but reviewed. In some cases, employees may be contacted directly. The supervisor may be involved in communicating with the employee as well. Overall communication should address common concerns. Employees may be hesitant to express concerns and may see those concerns addressed because someone else expressed similar concerns and the organization communicated about the concern.

The organization should have an easily access location for communication such as an internal website. Regular communication can be done via a newsletter or blog and can be communicated via other communication channels that may already be in place.

Some concerns/anxieties may be sensitive, and the company should be prepared to preserve employee confidentiality.

**Critical  
Stakeholder  
Involvement**

**Empowered Leader**

**Communications**

**Operations**

**Human Resources**

**Information  
Technology**

**Finance**



A person needs to be empowered to lead the change as his or her primary function. This person's authority should be established from the highest level of leadership and the individual should have the power to directly access the highest levels of leadership.

The team should be comprised of individuals who are committed to the change. It is important to have people from across key aspects of the business. These individuals need to be empowered to represent their organizations but also accountable for communicating change team efforts back to the departments.

Key departments include communications, operations (particularly with major changes to occur within operations), Human Resources (who not only play a role in a major desired outcome but also play a critical role in the human factor in any organization), information technology (will facilitate communication and be a part of several desired outcomes related to systems), and finance (who will help to ensure the team has what it needs balanced with the overall needs of the organization).

# Enable Action Removing Barriers

Kotter's Step 5



## Forces Barriers and Hindrances

Before action can be enabled it is important to understand the forces, barriers, and hindrances that are and could influence this change effort.

Cohen suggests four main barriers: organizational structure, lack of skills, organizational systems, and resistant leaders and managers (Cohen, 2005). The latter one will be discussed in a minute.

A major barrier to change is that the structure of the organization and the fact that so many people from different parts of the company are needed to work together on this change makes it too complex (Cohen, 2005). The independent work of different functions, units, departments, etc. create silos that become hindrances to communication and ability to put time to the change effort. Actions are hindered by managers who may not want to relinquish control of making decisions. Managers who fail to pass on information or undermine efforts are particularly problematic.

The system can also become a barrier to change (Cohen, 2005). If people are penalized for taking risks it can be very difficult to try something new, to make transformational change. Instead, the organization becomes stuck on the status quo. If performance is not evaluated commensurate with the true desired results, then there is no opportunity to see these results occur.

At Alaska Airlines there is potential for any of these barriers.

### Resistance

Recognition:

There are several ways that you will see resistance (Cohen, 2005):

People will not share key information or resources even when others need those things.

You will see people undermining the efforts of the change team.

People will not

Mitigation:

The issues are often related to mindset and to assumptions being made (Bodell, 2014)

It is important that leadership make it clear that they embrace a culture of innovation and taking risk in relation to the change in keeping with the business strategy and vision (Cohen, 2005). Cohen suggests a process by which ideas can be piloted, to allow for the testing of ideas that fit the goals of the change initiative.

The organization needs to communicate this change culture from the top and through multiple venues to ensure all employees have access. Managers at all levels are charged with communicating the change culture along with the business strategy and vision.

Leaders must be aware of their next line managers who may be resistant, which may foster resistance within those departments. It is critical that all members of the organization confront resistance and to encourage these individuals to express concerns, providing a safe path for such expression. The organization must be clear about consequences for behaviors related to resistance and help employees find ways to find solutions to concerns while continuing to feel valued.

Continued on next page...

The goal as Bodell (2014) points out is to shift the organizational mindset to one of possibilities.

Shifting mindset to see possibilities

Change happens from the middle out and those individuals and groups need to be empowered to do it (Bodell, 2014).

Need a toolkit to help

Simplifying change

### Enable and Empower

The most important thing that can be done to facilitate our change effort is to have a leader, with direct access to the highest levels of the organization, who is responsible for the change and who believes in the change, is committed to the change. This has been discussed earlier. However, it is important to emphasize that this is one of the ways that barriers can be eliminated. This leader' team will have at least partial time devoted entirely to the change effort with prioritization for these efforts. As much as possible when members of different functions are assigned to work the change initiative, they will be assigned fully to that effort with support to engage across the organization as needed.

Communication channels will be created that ensure all employees have access to change effort information, goals, and a means to express concerns, ideas, and more. These will be tied into the change management system to be tracked along with the other data/metrics. Regular, ongoing analysis of communication as well as data will be expected.

Managers need to be mindful of the presence of resistance and be proactive in understand what may be driving it. From the highest levels support will be provided for managers to report concerns and be able to seek help in addressing potential resistance in a way that is beneficial for the employees and the organization.

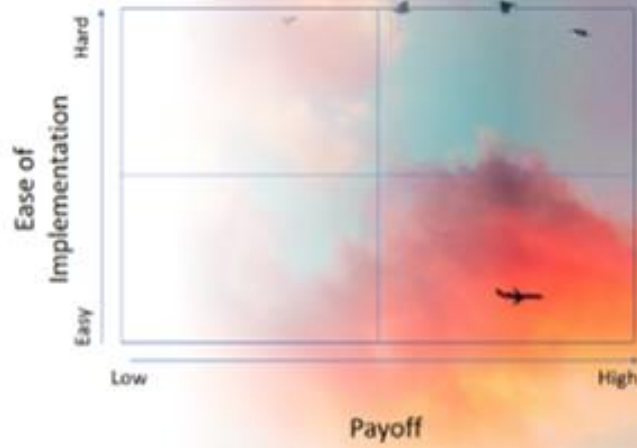
Time for change efforts must be provided across all aspects of the organization. Resources will also be provided and a means for anyone to submit ideas/recommendations about needed resources.

Using the change management system, metrics will be available to show how efforts are moving the change effort forward. These metrics will be refinable to the level of each department so that everyone can see their part in the effort.

A recognition system will be in place to recognize those who make significant contributions to the change effort.

Tools will be provided, as Bodell (2014) recommends to facilitate the process of change. For example, Cohen offers a tool that enables management of short-term win projects (the concept of short-term wins is discussed in the next section). This tool makes it easy to know who is accountable and the outcome toward which the group is working.

Data will be collected to assess employee perceptions and satisfaction with change efforts throughout the transformation.



# Short Term Wins

Kotter's Step 6



It is important that the organization look for short-term wins (Cohen, 2005). This is an excellent way to show evidence that the change is working. Short-term wins are successes on which we build future successes.

### Short-Term

We need short-term goals that can become short-term wins. These must be measurable, visible, timely, and relevant.

While overall this change initiative will be company-wide, we can make a difference right now at the hub and specifically in the area of our ramp vendor.

In this short-term goal that we plan to turn into a short-term win, the focus will be on building a relationship between the vendor and Alaska Airlines. Management will become accountable for involvement in ramp operations. Accountability via metrics will be established to ensure that the vendor meets requirements and regular meetings between Alaska Airlines operations management and the vendor will occur to evaluate metrics. This short-term goal allows us to make a real impact using many strategies that will be part of the overall change process including changing mindset, challenging assumptions, monitoring daily operations against the business strategy and vision, empowering leaders where it matters (in the middle as Bodell, 2014, highlighted).

(this short-term win scenario is based on Avolio, Patterson, & Baker's (2015) description of what actually became a focus early on in the Alaska Airlines change.)

It doesn't stop there. As part of the communication strategy, employees will be encouraged to offer suggestions for improvements that align with our strategy. These will be evaluated at the top level of this effort and opportunities for other quick wins will be identified and implemented.

The organization will budget money to ensure every area has periodic workshops to help generate possible short-term wins.

The change team will evaluate ideas based on ease of implementation and payoff

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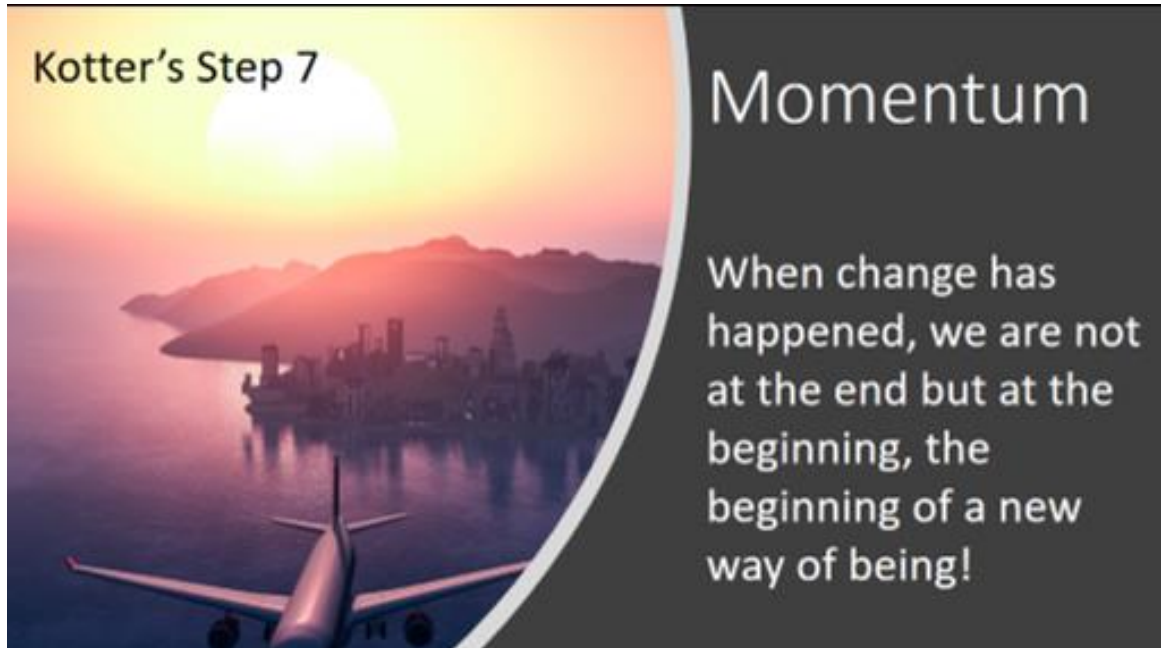
## Short-Term Wins

By focusing some time on the short-term wins, all members of the organization will be able to see progress and to celebrate that progress (Cohen, 2005).

Progress towards the short-term wins will be communicated honestly to the organization so that all can see how progress is being made and to know that the company sees these efforts as important. Achievements will be communicated and celebrated. Each will be shown in the context of the greater change effort and to show overall progress toward our new vision for Alaska Airlines.

To make this effective, the short-term win efforts will be part of the overall change management system used to collect and manage metrics.

The change team will be carefully monitoring data to see how efforts are progressing and to see issues as they develop. This will allow the team to make timely decisions and implement adaptations to the change plan while also helping senior officials adapt the overall vision if needed.



Kotter's Step 7

# Momentum

When change has happened, we are not at the end but at the beginning, the beginning of a new way of being!

Experiencing some wins will help create momentum. We want to continue to make strides towards the goals and celebrating our wins along the way. What we are proposing to do is not a temporary process, but a new way of being for Alaska Airlines. When the time comes that changes have been made, we will not be at the end but at the beginning, the beginning of a new way of being. We must constantly strive to make sure our vision remains our focus and not let things take away from what we will have accomplished at that stage. We may still run into snags.

To this end we will continue to carefully monitor our progress and maintenance. It is critical that the organization consider lessons learned, not just quick wins.

It is critical to understand what is fitting the vision for this change and what is not fitting. This means ongoing analysis and evaluation of the data coming in. As the transformation occurs, we will hit unforeseen snags and we must be prepared to address these. We will also discover new aspects that we need to incorporate into our plans. This is why it will be so crucial to continue to foster an environment that encourages employees at every level to offer concerns, thoughts, and ideas and to take time to consider these.

The core change team will continue to operate and require regular time to support specific focus on change efforts and evaluating these efforts. Throughout this transformation new members may be needed to help ensure we have the right blend of people.

Quarterly, the employees and leaders need to be sampled to see if people are clear on the vision and goals, the expectations for them, etc. We need to know where there are issues as soon as possible. This is also an opportunity to also see how people are accepting of change.

As mentioned earlier, employee performance at every level should align with the organization's strategy and vision. To this end each employee should have access to the goals and strategies of their direct supervisor, the department, other dotted line departments, and the organization as a whole. Transparency is key to help foster this alignment.

Employees should be rewarded for ideas as well as identification of barriers and support in removing barriers to the change efforts.

Data should be available, as applicable, to each member of the organization. Everyone should understand where things stand and what is important. Employees need to understand the urgency and the urgency does not disappear.

Communication channels including the internal website will be maintained.



Kotter's Step 8

Organizational  
Culture and  
Infrastructure  
Mechanisms

By now you see that this transformation is a matter of changing our entire way of being. It is, to borrow from the field of therapy, a second order change that is truly changing who we are, our very culture.

Data analysis will remain a critical function as we strive to maintain these important changes.

We will make celebrating successes a part of our way of being.

We will continue to have a strong communication channel for employee reporting of ideas and concerns.

Employees will be rewarded when their ideas are implemented.

Our leaders at every level will receive ongoing training to ensure they have the necessary knowledge and understand the expectations.

Every employee's performance will have an element that relates to the sustainment of vision. Each employee has a role to ensure we maintain this transformation.

Contractors will also be expected to support the Alaska Airlines transformation and vision as part of their contract.

Once the success markers identified earlier in the presentation have been met, the company will transition to an ongoing process regularly monitoring many KPI including (but not limited to) the following:

Maintenance

Baggage Handling

Arrival Data (delays, number of on-time, etc.)

Departure Data

Passenger Numbers

Passenger Satisfaction

Crew Data

Employee Satisfaction

The system will continue to be enhanced to let us reasonably obtain and use data from across the organization. Data analytics will be a key part of our way of doing business.

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