



*5S and our lean journey*

April 2007

## *Who we are*

- Alaska Airlines and sister carrier, Horizon Air, together serve 90 cities through an expansive network in Alaska, the Lower 48, Canada and Mexico.
- This year Alaska Airlines celebrates its 75th anniversary, marking our airline's growth from a single-aircraft operation in 1932 to one of the largest U.S. carriers.



- Our values - Alaska Spirit, Resourcefulness, Caring, Integrity and Professionalism



# *Our all Boeing fleet*



Boeing 737-900 (739)  
Number in Fleet: 12



Boeing 737-800 (738)  
Number in Fleet: 21



Boeing 737-700 (73G)  
Number in Fleet: 20



Boeing 737-400 (734)  
Number in Fleet: 37



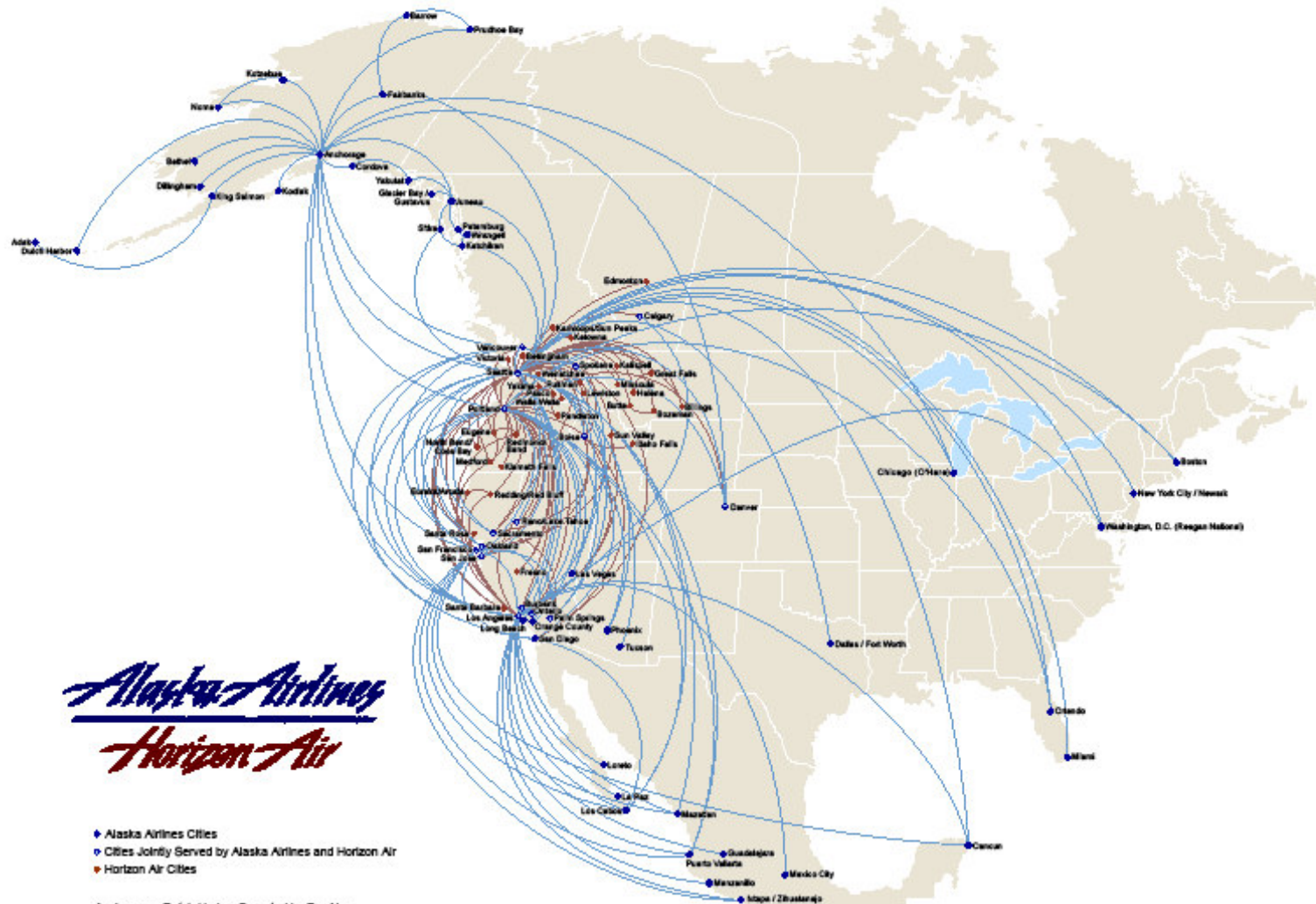
Boeing 737-400 Combi (73Q)  
Number in Fleet: 2



Boeing MD-80 (M80)  
Number in Fleet: 22



# Destinations we serve



## *Lean and 5S*

**SORT** - Segregate and discard

**SIMPLIFY** - Arrange and identify

**SWEEP** - Establish visual controls

**STANDARDIZE** - Develop standard processes

**SELF-DISCIPLINE** - Continuous follow-through



## *Alaska Airlines and 5S*

START - Endorse continuous improvement

SAMPLE - Learn new tools and concepts: Zoom and 5S

SCATTER - Apply learning at various depths in broad areas of the organization

STRATEGIC - Align and integrate lean in the company strategy

SUSTAIN - Continuous follow through



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## *2003 – Aircraft Turn*

### Objective

- Increase aircraft utilization with quick turns

### Actions

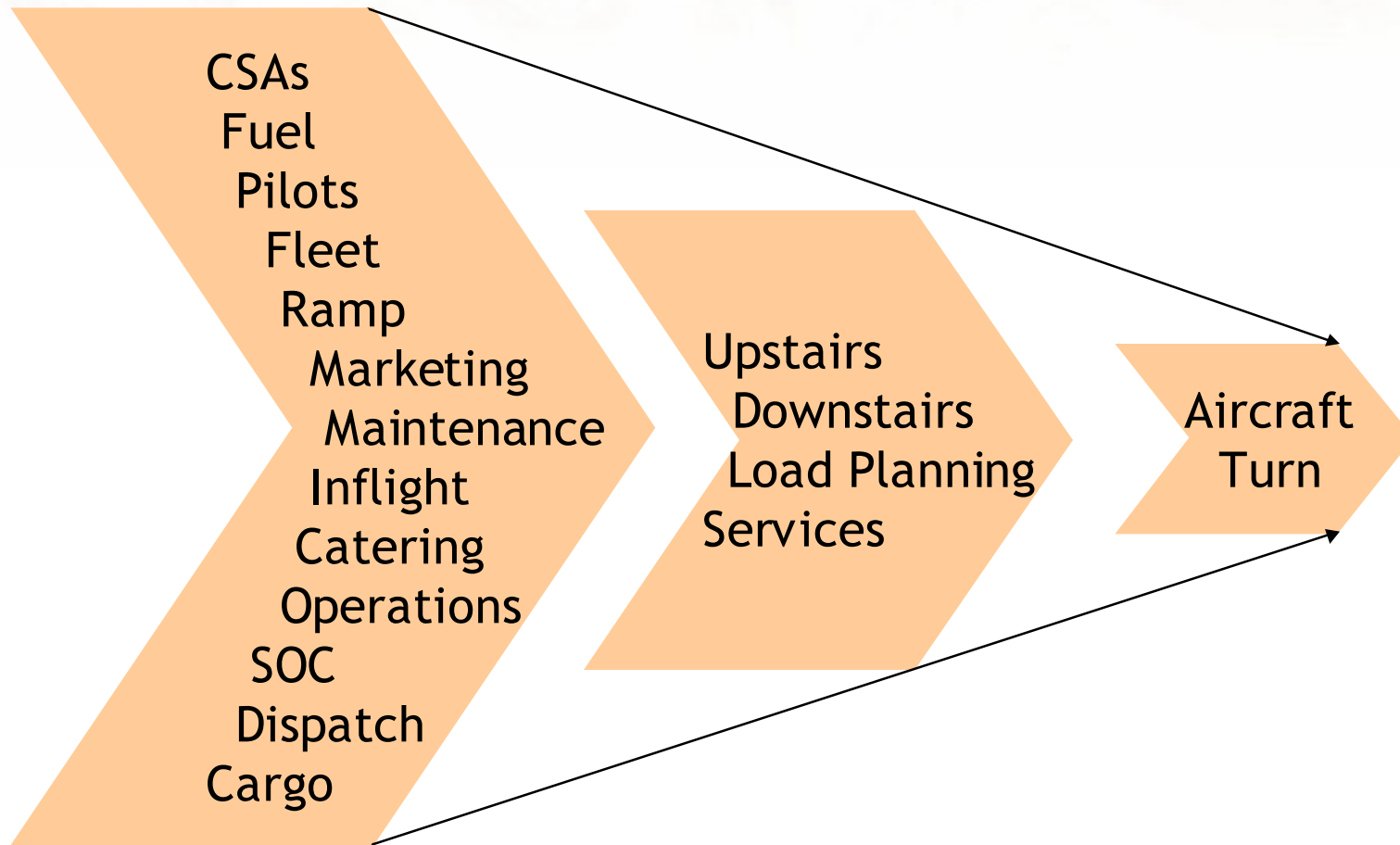
- Integrated team used basic Plan-Do-Check-Act (PDCA) at the gemba for process definition
- Implemented visual controls (5S)
- Developed standardized work processes

### Outcomes

- Learned each group had their turn process
- Processes did not ‘add up’
- Defined standard Alaska Airlines turn process - TANGO
- Demonstrated power of integrated process

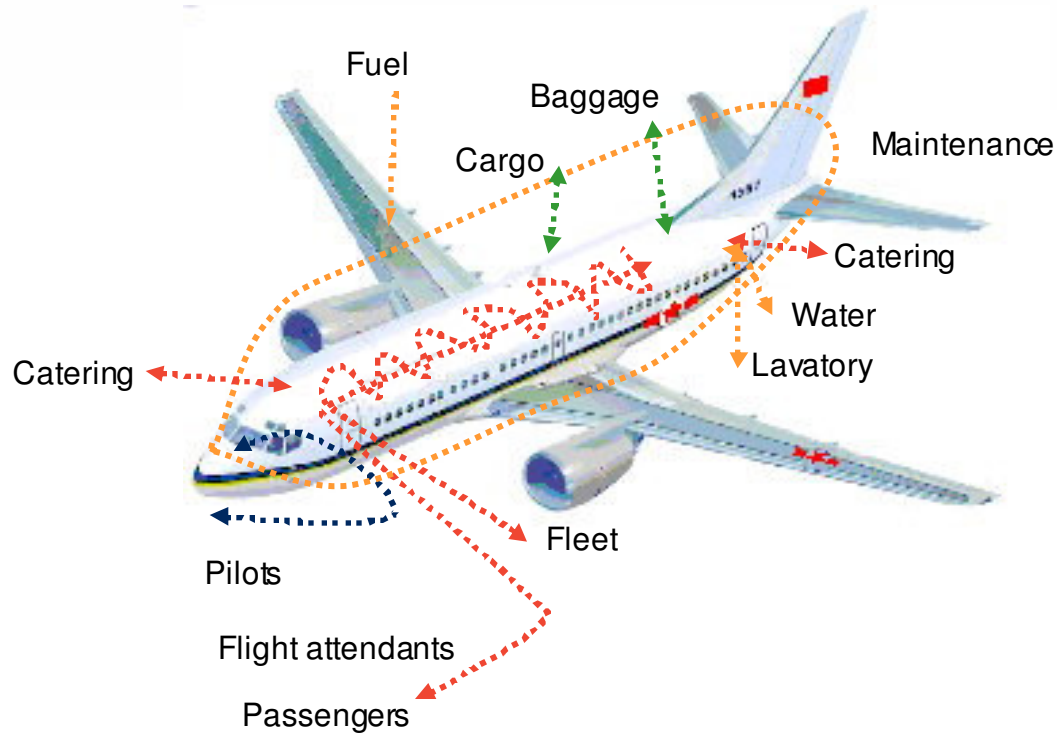


*Needed to move from task to process*



# Aircraft Turn

Start  
Sample  
Scatter  
Strategic  
Sustain



Upstairs

Downstairs

Load planning

Services



## *And we achieved results!*

# 1 DOT On Time Performance - August 2004, (Alaska's best on time performance)

0% increase to OJIs, aircraft and ground damage

Aircraft utilization rates for target aircraft up 3.4%

Offered additional flights and destinations

### Top rankings

- Outstanding Customer Service - Conde Nast
- # 1 Best Major Domestic Airline - Travel & Leisure Magazine, World's Best Awards



*The true success –  
evolutionary, not revolutionary*

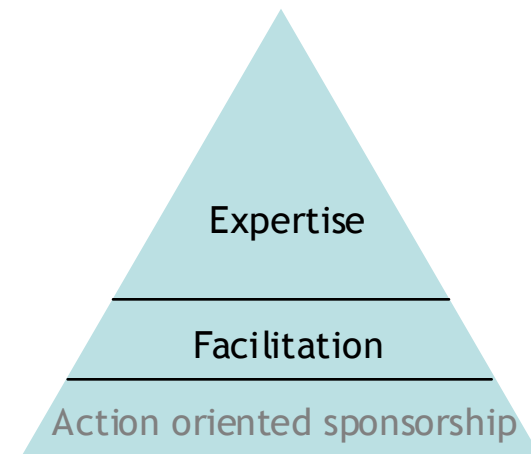
Start  
Sample  
Scatter  
Strategic  
Sustain

Realized lean is critical to our success

We must approach all work this way

The people doing the work are the  
experts

Focus on action oriented problem  
solving, at the gemba (not talking  
about it!)



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## *2004 – Learn thru education*

Start  
Sample  
Scatter  
Strategic  
Sustain

### Alaska Airlines Lean Toolbox

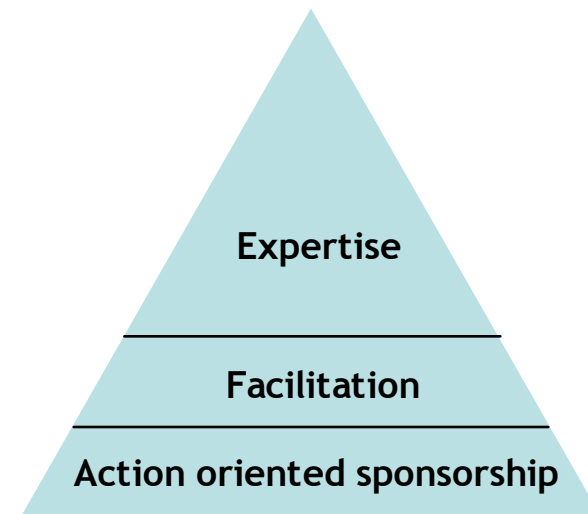
- Zoom
- 5S

### Leadership engaged with Boeing to learn lean

- Boeing site visits
- Japan visits

### Lean conferences

- Employees attended Boeing lean conference
- Alaska Airlines presented



## *2004 Zoom – learn by doing*

Start  
Sample  
Scatter  
Strategic  
Sustain

Conducted > 25 Zoom events

Example: Reservations Partner Desk

Developed > 50 Zoom facilitators

Engaged > 200 employees in Zoom improvements

Shared experiences through communication vehicles

Incorporated Process Improvement into leadership expectations

Inaugural corporate recognition for continuous improvement

- Flywheel award



# 2004 5S – learn by doing

Start  
Sample  
Scatter  
Strategic  
Sustain



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# Growing commitment

Start  
Sample  
Scatter  
Strategic  
Sustain



# 2005/2006– Let's do more.....

Start  
Sample  
Scatter  
Strategic  
Sustain



*2005/2006– and more!!*



STOCK REQUEST

MAT'L CONTROL  
PURCHASING

PROCUREMENT PROCESS FOR 1/2 PART



## *What did we learn?*

Start  
Sample  
Scatter  
Strategic  
Sustain

### Benefits

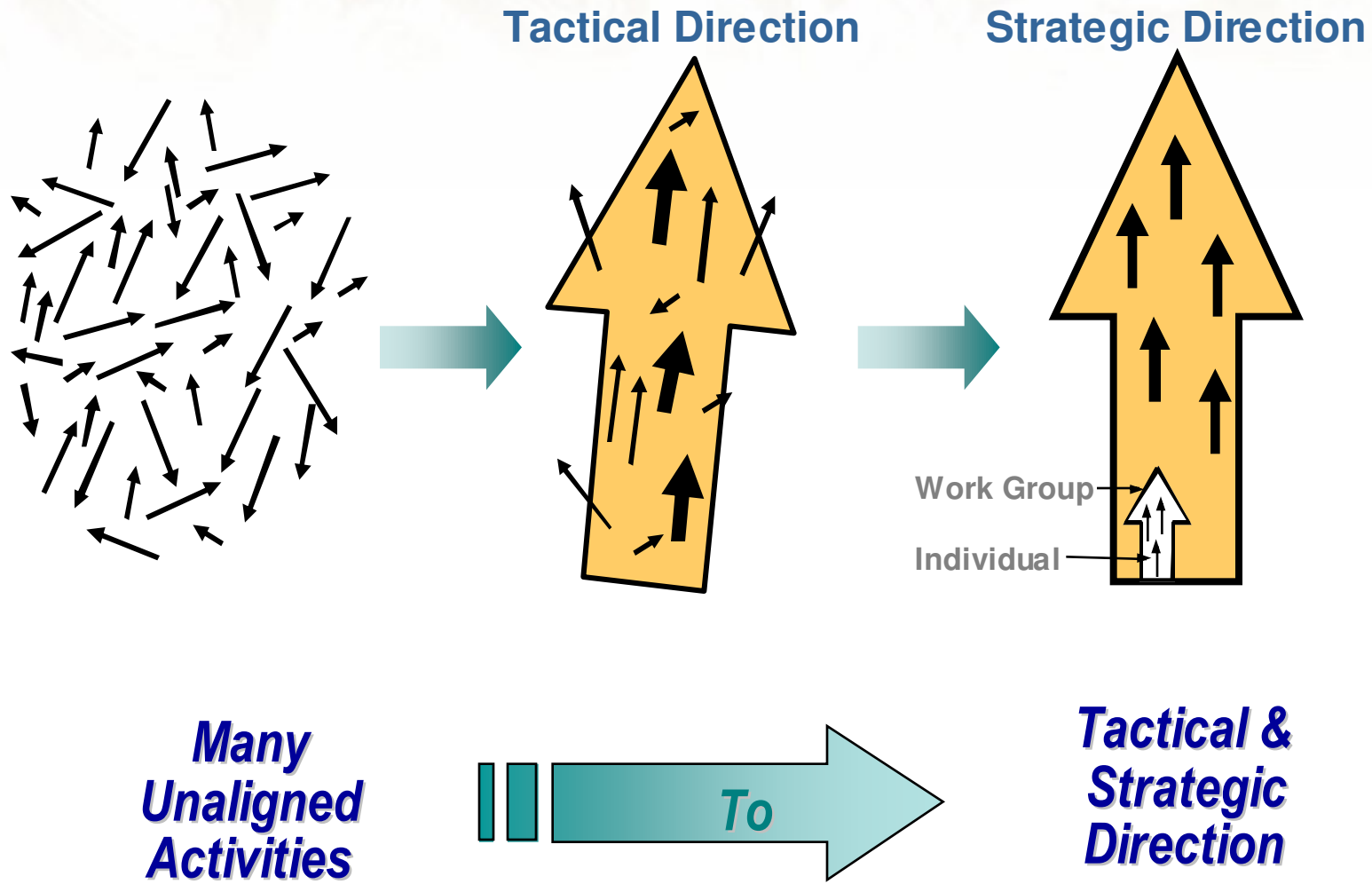
- Leveraged subject expertise
- Provided exposure to lean
- Provided positive lean experience
- Empowered people to change processes

### Learning

- Not all improvements were sustained
- Results were not necessarily recognized by or visible to our customers



# Aligning our focus



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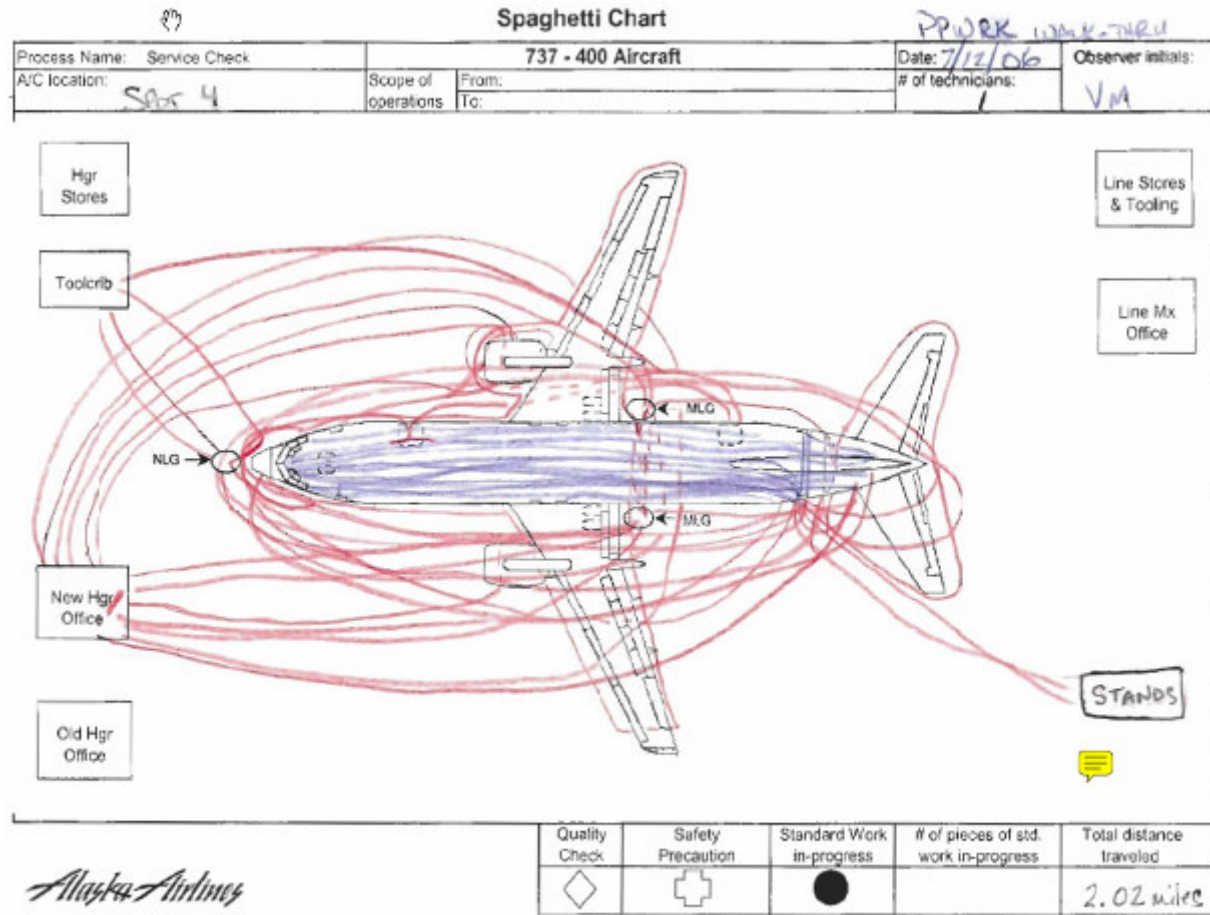


Start  
Sample  
Scatter  
Strategic  
Sustain

# 2006 – Lean aligned with strategy

Corporate initiative to improve our maintenance program

3569 Steps  
10707 Feet  
2.02 Miles



*Alaska Airlines*

— OUTSIDE A/C

— INTERIOR

*Alaska Airlines*

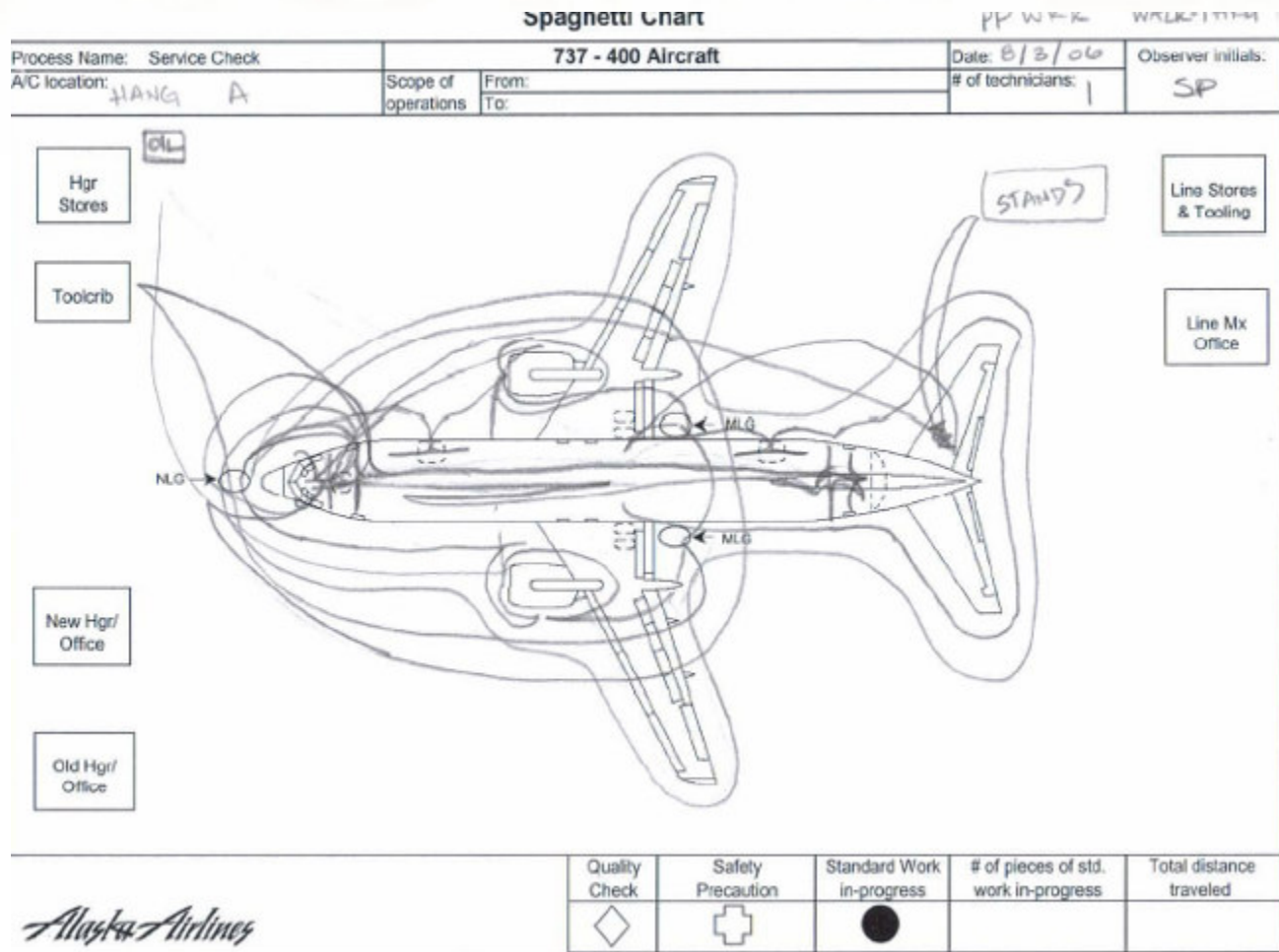


# 2006 – Lean aligned with strategy

Start  
Sample  
Scatter  
Strategic  
Sustain

Corporate initiative to improve our maintenance program

810 Steps  
2430 Feet  
.46 Miles

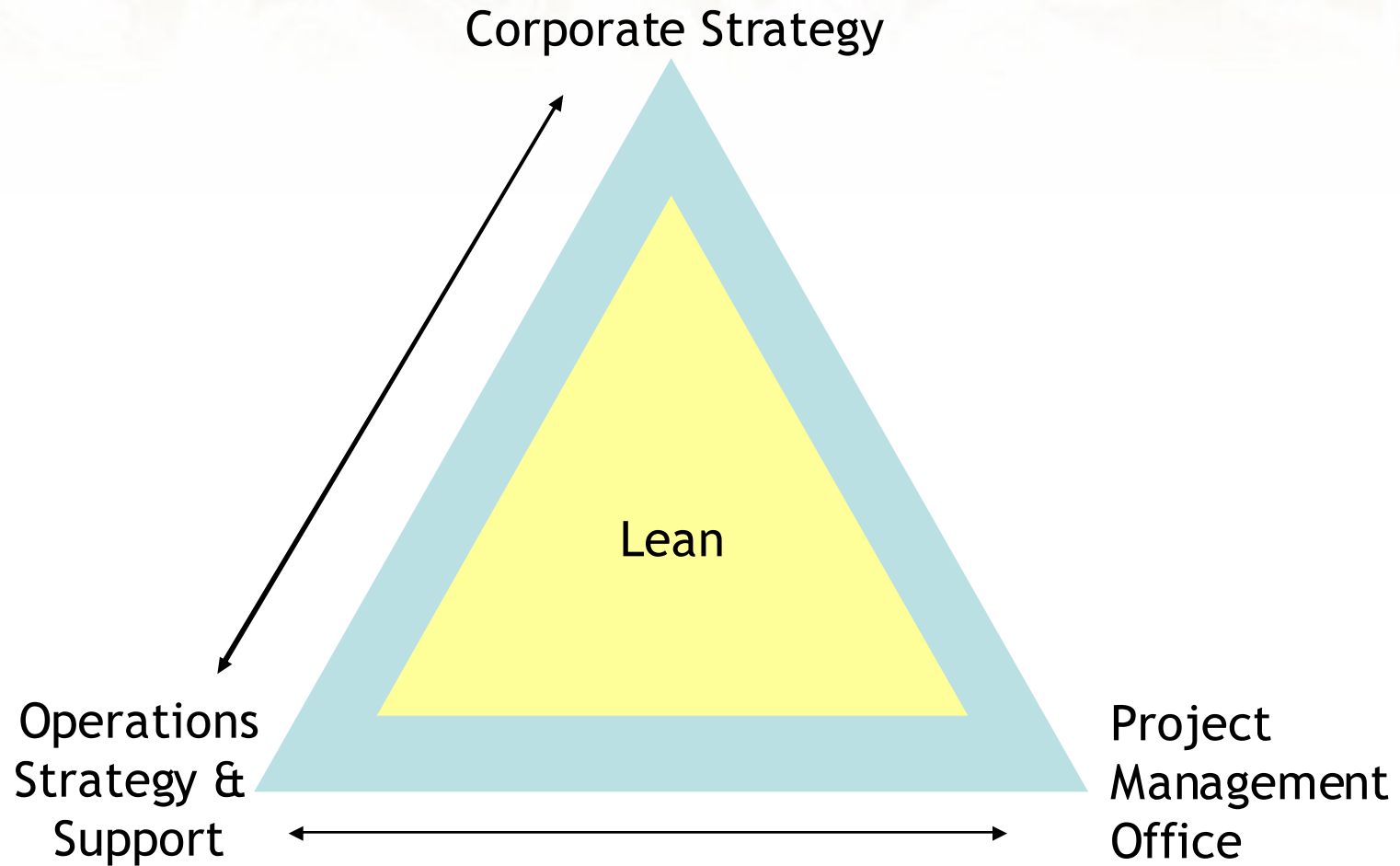


*Alaska Airlines*



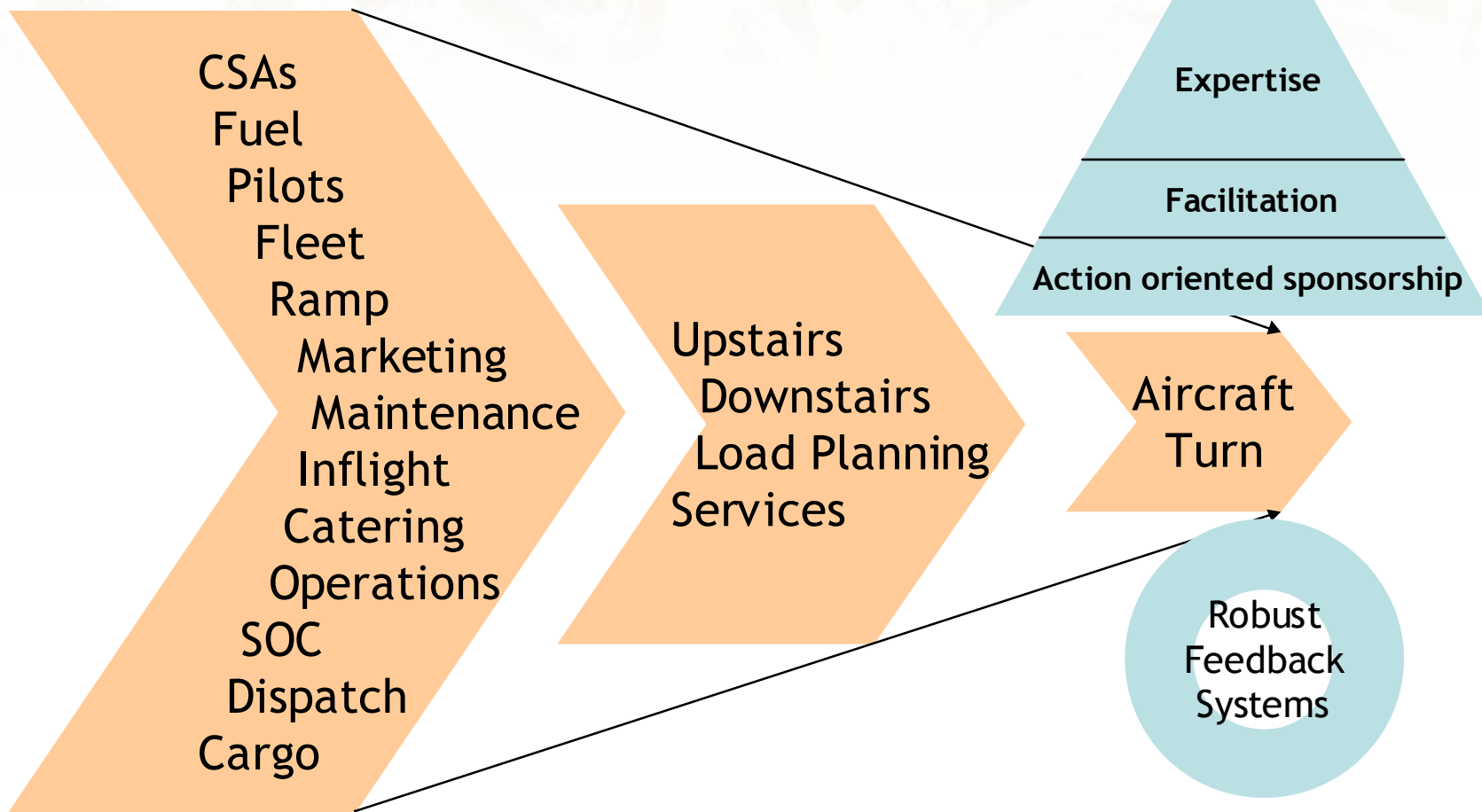
# 2007 - Airline operations

Start  
Sample  
Scatter  
Strategic  
Sustain



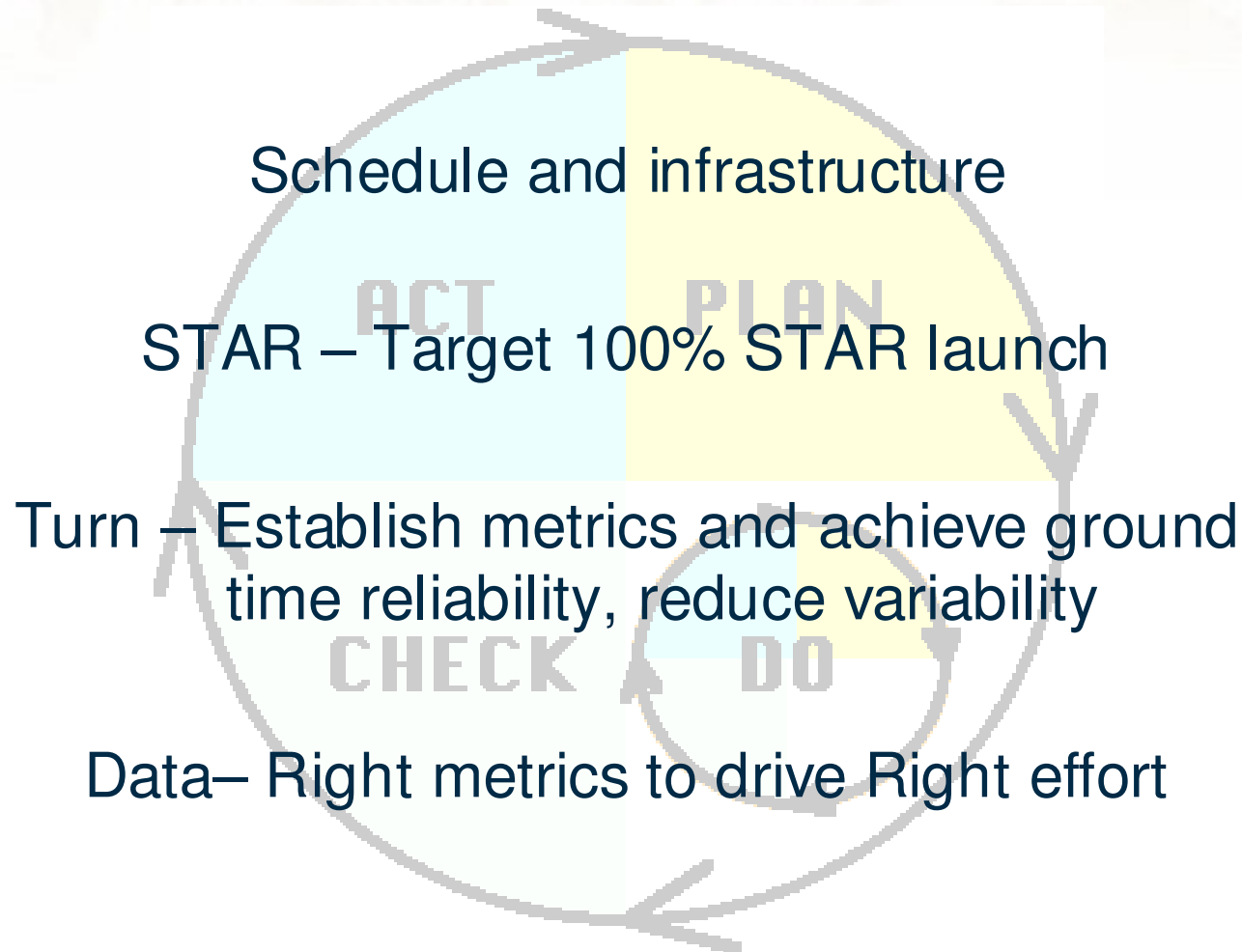
# Apply the learning from TANGO

Start  
Sample  
Scatter  
Strategic  
Sustain



# 2007 Lean - Operational Excellence

Start  
Sample  
Scatter  
Strategic  
Sustain



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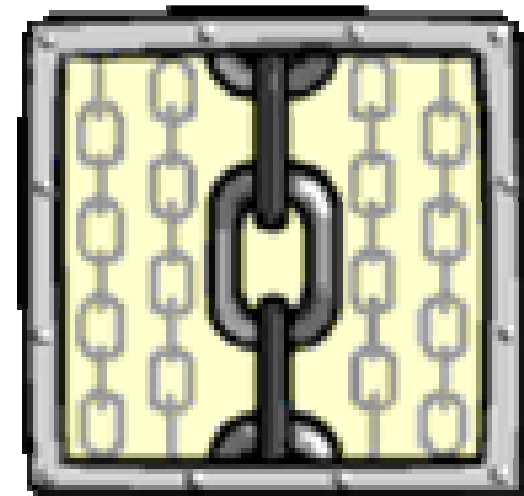
SUSTAIN - Continuous follow through



## *Sustain the gains*

Start  
Sample  
Scatter  
Strategic  
Sustain

- ⇩ Internal Service Quality
- ⇩ Employee Satisfaction
- ⇩ Employee Retention
- ⇩ Employee Productivity and Performance
- ⇩ External Service Quality
- ⇩ Customer Satisfaction
- ⇩ Superior Customer Value
- ⇩ Customer Loyalty
- ⇩ Revenue Growth/Profitability
- ⇩ Shareholder Value



## *Where is Alaska Airlines?*

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*Questions?*