The Drive for Quality

The Kowloon Motor Bus Co. (1933) Ltd. (KMB) has been providing essential transport services to the people of Hong Kong since its foundation in 1933. Today, KMB is Hong Kong's largest public transport provider, with a fleet of over 4,200 buses carrying around 3 million passengers every day on nearly 400 routes. Around 13,000 staff, including 8,300 bus captains, are dedicated to making continuous improvements to the quality of KMB's services, and thus to fulfilling the company's mission - to provide an efficient, reliable and user friendly bus service.

As a public transport service company, with its conditions of operation stipulated by the Government, KMB has an obligation to its customers and the community at large. Its performance is closely and critically monitored on a daily basis by the Government, the Legislative Council, the District Councils and the mass media, as well as by the customers themselves. At the same time, as a commercial entity, KMB has to look after the interests of its investors.

Leadership

In January 1999, a streamlined headquarters management structure was activated, which saw the existing departments grouped under three main divisions, Commercial, Finance and Administration, and Operations, each headed by a Divisional Director. With each Divisional Director in charge of around six departments with inter-related functions, the new 1:6 leadership structure has enhanced internal communication and created an environment for empowerment. More precise definitions of job responsibilities and accountabilities were also established to better meet operational needs, and to provide a more effective basis for performance assessment.

In July 1999, KMB's day-to-day operational decision-making at district level was delegated to four newly created Depot General Managers, allowing prompt decision-making and speedy response to customer requirements to be carried out at the front line.

The Strategic Planning Steering Committee (SPSC), comprising the Managing Director and the Divisional Directors, formulates a 5-Year Plan, which is revised and rolled forward annually, setting out the Route Development Programme (RDP) according to the following criteria:

- the overall number of buses required for implementation of the RDP;
• the development of depots required for the construction, maintenance, servicing and parking of vehicles;
• the provision of transport information and facilities; and
• the financial implications of implementing the programme.

**Strategic Planning**

KMB formulates strategic planning by utilising the output of a SWOT analysis to:
• use strengths to take advantage of opportunities;
• use strengths to avoid threats;
• take advantage of opportunities by overcoming weaknesses; and
• minimise weaknesses and avoid threats.

The strategic planning is documented in the 5-Year Plan and reviewed on a yearly basis to take account of the market situation. Relevant Government departments, such as the Transport Department and the Financial Monitoring Unit of the Transport Bureau, as well as the 18 District Councils, are consulted regarding the 5-Year Plan.

Strategic planning is deployed through the Strategy Deployment Process (SDP). By means of the SDP, the rolling 5-Year Plan is operationalised annually at departmental level, through the formulation of objectives and action plans. The performance of individual departments is reviewed by the responsible Divisional Director, with the review results serving as input to consolidate the 5-Year Plan and annual departmental objectives for the coming year.

**Customer and Market Focus**

KMB places a high priority on identifying and meeting its customers’ expectations, in order to improve its service, retain the loyalty of existing customers and win new ones. Customers can voice their opinions through a variety of communication channels, such as the 24-hour Customer Service Hotline, the Passenger Opinion Cabin and the Customer Service Centres. Each year a series of Passenger Liaison Group meetings are held, at which passengers discuss bus-related issues that concern them with KMB’s senior management face to face.

KMB also carries out regular surveys, focusing on key aspects such as network coverage, frequency, fares and service. Results from these surveys are used to identify areas for improvement and to enable comparisons to be made with other public transport operators. By evaluating its strengths
and weaknesses, KMB is able not only to make improvements to its services, but also to ensure that it retains its competitive edge as the market leader.

**Information and Analysis**

Data from both internal and external sources are collected to provide an effective and comprehensive flow of information. Departmental Performance Reviews are conducted according to five key performance measures:

- customer and market measures, eg population change, ridership statistics and passenger feedback;
- cost and finance measures, eg operational and financial costs, income and revenue;
- stakeholder measures, eg staff, Government, District Councils and shareholders;
- supply chain measures, eg suppliers and partners; and
- operational measures, eg daily operations and maintenance.

Analysis of the information obtained is used by management to set goals, communicate performance targets and measure performance at all levels.

KMB has developed a range of in-house Information Technology Systems, including the award-winning Bus Maintenance Information System (BMS). By collating all information related to the servicing and maintenance of the bus fleet, BMS enables staff at all KMB depots to manage labour and material costs, enhance productivity and improve bus availability and reliability.

**Human Resource Focus**

With a loyal workforce and a low staff turnover rate, senior management is dedicated to maintaining open communication with individual staff as well as with the Labour Unions. An annual training plan is established in accordance with organisational and individual needs to provide staff with a variety of training programmes. KMB also encourages staff development through continuous learning, with sponsorship available for job related training courses.

KMB’s Bus Captain Training School, the only one of its kind in Hong Kong, offers both initial and in-service training to KMB’s bus captains. The initial training programme, which lasts for 24 days, includes classroom lectures, driving instruction and route practice. Enhancement training courses are provided for
experienced bus captains to refresh their awareness of road safety, the operation of new bus types and customer service. KMB also runs its own apprentice training school, the KMB Technical Training School, to foster the development of its maintenance and repair staff.

Good performance is recognised by a variety of awards and incentives, with 14 bonus and award schemes established to reward staff achievement in different areas. The annual Bus Captain of the Year Competition provides incentives for KMB bus captains, while setting a benchmark for driving skills and knowledge of passenger safety and traffic regulations.

**Process Management**

KMB’s Headquarters, Traffic Department, and service and maintenance depots have all obtained ISO 9001 certification, making KMB the first public bus company in Hong Kong to implement ISO Quality Management Systems throughout its entire organisation. As well as meeting the highest international standards, all aspects of KMB’s bus services, including vehicle assembly, maintenance, network planning, operations and supporting services, are geared to meeting the needs and expectations of its customers.

KMB’s bus service is designed to be responsive to changing population trends and market demand. Information related to customer and market requirements is gathered systematically through a variety of channels, including the District Councils and various Government departments, as well as KMB’s own Customer Service Hotline, Passenger Opinion Cabin, Customer Service Centres and Passenger Liaison Groups. Two innovations that have been introduced as a result of the analysis of such information are the Bus-Bus Interchange (BBI) Scheme and the reorganisation of bus stops on Nathan Road. The BBI Scheme, featuring wider network coverage and discounted interchange fares, has been progressively introduced in response to strong customer preference for more frequent services. The reorganisation of bus stops on Nathan Road, designed to increase the effectiveness of bus services on this busy urban corridor, has yielded very positive results, with the bus service cycle time reduced by 20% - 30% and ridership recording an increase of 4%.

**Business Results**

The systematic approach to quality management and the
clear focus on customer satisfaction have improved both financial and non-financial business performance, with financial gains complemented by high levels of customer satisfaction and staff loyalty, as well by continuous improvements in process management.

Passenger surveys reveal that KMB rates highly among transport service providers in key areas such as safety, service coverage, fares and a continuously improving service. Growth in the number of passengers carried and rigorous cost saving measures have helped to ensure that KMB’s financial results have remained buoyant despite the downturn in the economy. Productivity has risen at the same time owing in large part to KMB’s strategic planning, increased customer base and deployment of resources.

KMB’s high standards of service are reflected in the two core competencies of bus operations, mechanical reliability and operational capability. While the number of breakdowns has continued to fall, KMB has achieved a better than 1:1 ratio between the scheduled and the actual number of departures travelling in peak directions during morning peak hours.

The ability to strike a balance between meeting customers’ needs, conforming to government requirements, staying competitive in the market and making a profit is considered to be the key factor in KMB’s success. To achieve this, KMB ultimately relies on a team of quality-oriented staff, whose performance provides a solid foundation for the company’s present and future growth.