

## **Copy of March 3<sup>rd</sup>, 2011, Chicago Tribune Article**

### **As Southwest Airlines tries to cope with its success, problems at Midway will get team's attention Southwest has been experiencing growing pains at Midway.**

**(Antonio Perez/Tribune)**

By Julie Johnsson and Jon Hilkevitch, Tribune reporters

Bags still fly for free on Southwest Airlines, but travelers are paying a price in other ways.

They're encountering more lapses in Southwest's hallmark on-time performance as the carrier departs from what once was its core principles of avoiding congested airports and shunning hub-and-spoke complexity in favor of getting passengers to their destinations on a single aircraft.

Revenue soared as Southwest added business destinations such as New York's LaGuardia Airport and connecting flights at Chicago's Midway Airport. But as it struggles to cope with increasing numbers of passengers and bags, Southwest risks tarnishing the reliability it has touted since the 1970s.

The problems are so acute at Midway, Southwest's largest hub, that CEO Gary Kelly is dispatching a team of 10 station managers from other airports to get to the bottom of the bottlenecks next week.

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"I'm not satisfied with our on-time performance, and our people aren't either," Kelly recently told the Tribune.

Midway is growing in importance as Southwest expands. This summer, Midway is poised to overtake Las Vegas' McCarran International Airport as the largest airport Southwest serves, with 243 daily departures. Connecting passengers account for about half of Midway's traffic, more than at any other Southwest airport, said aviation consultant Ned Laird.

As Southwest struggles to synchronize flights at Midway, the airport has suffered, ranking last in on-time departures last year. Southwest didn't fare much better, finishing 10th among the top 18 U.S. carriers last year in a ranking compiled by the Bureau of Transportation Statistics, instead of its usual No. 1 or No. 2 result for on-time operations.

Southwest also is coping with a surge in checked luggage, a byproduct of its "Bags Fly Free" marketing campaign. Transferring bags between flights under an extreme time crunch is perhaps the trickiest aspect of running an airport hub and a common cause of delays, said Laird.

"It's a great problem to have," said Greg Wells, Southwest's senior vice president for operations. "A lot of people want our product, and they want it because they get bags for free. ... We have had trouble in keeping up with all of these changes."

If they aren't addressed, the problems likely will be compounded once Southwest finalizes its purchase of AirTran Airways, boosting its network by about 20 percent.

"They've got growing pains," said Vaughn Cordle, a retired pilot and chief forecaster at AirlineForecasts.

To ease logjams, Southwest is leasing three more gates at Midway in addition to the 29 it holds. The carrier and city of Chicago are looking at the airport's approach runway lighting and other navigational aids to improve the flow of traffic into Midway. Phased installation could begin as early as 2012, said Karen Pride, spokeswoman for the city's Department of Aviation.

Southwest is also studying its schedule, looking for a "relief valve" to ease pressure when delays build. That could include adding more ground time for connecting flights, scheduling longer flight time for delay-prone flights or adding flights to off-peak evening hours, Wells said.

One measure not under consideration is an expansion to O'Hare International Airport, where gates are finally open to newcomers like Virgin America.

"We don't have any plans to go to O'Hare," Kelly said. "I'm not going to tell you that we would never decide that, but we really feel like Midway serves us and serves Chicago."

Untangling the operations snarls won't be easy, analysts said, since they're a byproduct of both the complexity of Southwest's network structure and the carrier's rapid growth under Kelly. Southwest carries more domestic passengers than any other carrier, 114.2 million in 2010, according to its figures, and its planes are fuller than at any previous point in its 40 years.

For decades, Southwest's on-time performance bested its peers because it flew mainly to smaller, uncongested airports.

"As they enter these high-complexity operational areas like LaGuardia, Newark and Midway, they're getting the same results" as other carriers, said Michael Baiada, an airline pilot who is president of consulting firm ATH Group Inc. "It's basic logistics."

While its rivals shrank their U.S. operations following 2008's Great Recession, Southwest added 13 million more passengers per year. The carrier also took a scalpel to its schedule, canceling flights that didn't attract great numbers of passengers and adding more flights to peak periods.

With little room to make up for delays, Southwest's on-time arrivals in 2010 dipped below the carrier's historic 80 percent rate. The lapse was magnified as rivals like United Airlines posted the best on-time numbers in their history.

"The on-time performance isn't awful," Kelly said. "We know we can do better. And for our competitors, at least temporarily, for one year out of 30 they've gotten better. Who knows if they can sustain that?"

Southwest is reluctant to lengthen its overall scheduled flight times to provide greater slack for delays, as some network carriers have done over the past three years.

"That's the last thing we want to do," Wells said. "It would cost us approximately eight to 10 airplanes of flying per day if we were to add just a couple of minutes of block time to each flight in our schedule."

Instead, the carrier is working on a series of smaller changes, starting with its ground operations at Midway and Baltimore. The carrier's Airport Performance Improvement team will visit the two airports next week to brainstorm on how to quickly recover from problems when delays begin to stack up.

Wells and Michael Van de Ven, Southwest's chief operating officer, also plan to spend a day at Midway riding transport tugs and trailing ramp workers to see firsthand how baggage handling could be improved.

"Our way of transferring luggage from aircraft to aircraft has to change," Wells said.

Union leaders say the carrier could boost its results by hiring more ground workers. Despite its rapid growth in number of flights and bags, Southwest has roughly the same number of baggage handlers on the job at Midway as it did in 2008, said Charles Cerf, president of TWU Local 555, which represents ground workers at Southwest.

"The hiring hasn't kept pace with the expansion of the airline in the last three years," Cerf said.

It's not unusual for bags and passengers on a flight landing at Midway to connect to 12 departing flights, sending workers scurrying to sort and deliver the luggage to 12 points around the airport.

"The planes are coming in with more bags, period, because people check more bags," Cerf said. "They're having to hold some of those departures because normal connecting time isn't enough to get the bags over there. We feel we don't have enough agents."

Southwest is hiring workers in Chicago, said spokeswoman Brandy King.

"We continue to evaluate our operational needs, making necessary staffing adjustments as needed," King said.

If Southwest workers are frustrated over an operation bursting at the seams at Midway, they don't show it, the airline's customers said. Despite Southwest's disappointing on-time performance last year, it still notched the lowest customer-complaints score among U.S. carriers, according to federal data.

The airline's issues didn't seem to be a factor at Midway on Thursday afternoon. The majority of Southwest's flights were arriving on time or even ahead of schedule.

Scott Sutton, 47, of Wanatah, Ind., said his flight from Raleigh, N.C., was a few minutes late, but it didn't sour him on the airline.

"I try to use (Southwest) exclusively just for the convenience," Sutton said. "They don't charge for baggage, and they seem to be the nicest. And it's an extra half-hour to O'Hare."

But the recent series of uncharacteristic lapses — the December on-time numbers, Tuesday's computer outage and problems with its Rapid Rewards revamp — could damage the carrier's image over time if left unaddressed, said Brett Snyder, who runs a travel concierge business.

"If these things start sticking in people's minds," Snyder said, "it's going to get to the point where people are going to think twice about dealing with them."

Tribune reporter Dawn Rhodes contributed to this report.

[jjohnsson@tribune.com](mailto:jjohnsson@tribune.com)