

# Despite Region's Downturn, People's Transit Keeps on Rolling

While dealing with high gas prices, the spiraling auto industry and tough competition, the Detroit-based shuttle service is looking for ways to expand business, even if it means moving outside their region.



People's Transit's Rouge Factory Tour, featuring a bus wrapped with various themes from the tour, takes customers to the site of a historic battle between Ford security personnel, United Auto Workers union organizers and Ford employees.

BY ALEX ROMAN, SENIOR EDITOR

When People's Transit CEO **Chuck Covington**, then-owner of a travel agency, was looking for a new direction to take, he looked to his customers. "Talking to my clients, the idea came up to start a ground transportation company. They felt that the Southeastern Michigan area was lacking this type of service," he says. As a result, Covington began **International Destination Management (IDM)** in 1999, which by 2002 would become People's Transit.

## The beginning

Having first worked for **Ford Motor Co.**'s shuttle services in the destination management capacity for a couple of years, 2002 saw IDM shift into providing the vehicle service itself, beginning with the purchase of brand new **Krystal** coaches. Thus leading to the name change to People's Transit.

The operation's first major contract was with Ford, operating the Rouge employee and visitor shuttle, transporting up to 3,500 passengers on a daily basis to offices and

plants within the complex. The tour itself discusses the historical importance of the Rouge manufacturing facility, which in the late 1930s and early 1940s was the site of famous clashes between Ford's security personnel and **United Auto Workers** union organizers and Ford employees.

At the time, Ford was only one of the three major auto manufacturers that would not accept the newly formed unions. The conflict between Ford's security personnel and union organizers, as well as the important role that women played in the planning and conducting of leafleting, rallies, strikes and the subsequent victory that came from the mobilization of factory workers, are highlighted during the tour.

People's Transit aided in the design of a video-enhanced public transit service for passengers traveling between Greenfield Village and the Rouge tour, for which it was later chosen as the operator. Covington says working with Ford has been a great opportunity. "I thank Ford for having a program where a small company was able to learn and then become a prime contractor our-

selves," he explains. "Working with them enabled us to purchase our first vehicles."

## Branching out

Today, People's Transit's fleet of shuttles, sedans and buses provide employee, campus and parking shuttle services, as well as airport pickups. The fleet features six 40-foot **Gillig** transit buses, including two that run on clean diesel; two charter shuttles (**Krystal**, **Turtle Top**); eight Ford school buses and five **Lincoln** livery luxury sedans. The Turtle Top vehicle saw Covington become involved with some of the design process as well.

Maintenance of the vehicles is performed by the operation's three mechanics whenever the vehicles are no longer under warranty. Maintenance software systems are also used, although Covington says that it's an ongoing process to find the correct solution for his operation.

With the current plunge in auto sales hitting the region hard, and Ford's subsequent temporary and permanent closure of plants, People's recently had to begin branching out.

the capability and they know you, sooner or later it's going to have a positive effect."

## Generating business

Covington explains that about 90 percent to 95 percent of his business comes from word of mouth and referrals. He explains that realizing the uniqueness of each customer is the key to providing excellent services.

"The best way to market [your services] is having the opportunity to do your homework with the client," he says. With that said, Covington says his company could "be highly successful in just about any part of the country."

When it comes to customer service, Covington uses a "feel what it's like to be in their shoes" approach, which has paid

the whole team shares in the ownership of each contract, which contributes to the reasons that People's Transit has a high contract retention rate.

## Challenges and the future

Like any company providing ground transportation today, Covington says that his operation's greatest challenge right now is the cost of fuel. To help offset the rising costs, People's recently instituted a fuel surcharge based on a percentage of the contract for both charter and contract work. For contract work, the company has established a fuel threshold, which if gone over, enables the operation to go back to the client and renegotiate the surcharge.

"The surcharge barely even puts a dent in the increased price we're paying for



People's Transit's fleet features Turtle Top-, Lincoln, as well as Krystal-branded vehicles. To help offset the rising cost of fuel, the company has instituted a fuel surcharge based on the percentage of the contract. If the negotiated fuel threshold is exceeded, the operation can go back to the client to renegotiate.

"We have been going through a contraction [of services] on the direct automotive side for two to three years," says Covington. "When it became evident that we weren't going to get out of it quickly, I started trying to get around the country to look for different types of work."

Covington explains that the reason he is branching out of his own state is because of the increasing competition from other operators that bid low on jobs simply to "keep their lights on." He adds that the region's dependence on the auto industry has caused it to be one of the hardest hit areas in the nation during this time of economic recession.

Another reason for Covington's travels is to establish relationships with prospective clients in other areas. "People do business with people they like, plain and simple," says Covington. "If they like you, you have

off in many ways. Recently, he had a customer personally thank him for the operation's professional behavior. Ever the team player, Covington deflected the praise to the people he feels deserve it.

"I said 'thank you but the credit should go to my people,'" he says. "They are the ones that set up before I got there, that know their jobs and how to take care of their customers, and did all the important work before I got there to stand and smile."

Covington adds that his 42-person full- and part-time staff is successful because



CEO **Chuck Covington** believes it's best to put himself into the customer's shoes to provide the best service possible.

fuel," says Covington. "To help out right now, we're looking at some new vendors to set up a fueling station on-site to help lower costs by reducing delivery charges and other charges of that nature."

On top of that, though, is the aforementioned decline of the automotive industry, which had been People's Transit's bread and butter for many years.

The cut in services it's currently providing for Ford hasn't fazed Covington much. He says, being able to establish new relationships and taking the next step forward instead of looking back is the most important thing any company can do for itself.

"I prefer to call it a business concept, rather than a business plan, because the market really tells you what your plans are going to be," he says. "You just have to be flexible and find a way to take care of your customers' needs at all times." □