

From Worst to First Book Summary, by Gordon Bethune

by Allen Cheng

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<https://www.youtube.com/watch?v=yig9pt9MJGo>

<https://www.youtube.com/watch?v=90BeuqLPUjg>

1-Page Summary of From Worst to First

Why Was Continental So Bad?

Gordon Bethune left his job at Boeing to become the president and COO of Continental Airlines. The airline was in terrible shape, being the worst among its competitors in several key areas: on-time percentages, mishandled baggage reports, and customer satisfaction.

Continental Airlines had filed for bankruptcy twice in the last 10 years. During that time, it had gone through 10 different leaders. It also paid its employees far less than other airlines did. Employees were unhappy with their jobs and frequently fought among themselves because of a union-busting strategy from previous management. They also relied on what they called "the duck" strategy: do as little work as possible, stay out of trouble and cover your ass by doing just enough to get by.

Bethune turned the airline around. He took deliberate steps to improve performance, create incentive pay and control costs. Customers began coming back as well as making a profit in 1995. The company's stock rose too.

In November, Bethune convinced the board to make him CEO. Since then, it has been profitable for 16 straight quarters.

The Plan

When Bethune joined Continental as the president and chief operating officer, he opened up the 20th floor of their building to employees because it was important for them to have a more open relationship with upper management.

He first started cutting costs and managing the marketing. He was initially not made CEO, but he convinced them to make him CEO after six months. He proposed a plan with Greg Brenneman, who is now president and COO of Continental Airlines. This plan emphasized that they needed someone at the top in charge of a complete change effort - not a committee or temporary acting manager. They finally agreed to this idea. Now he could implement his four-part "Go Forward" plan, covering marketing, finance, product and people:

1. Marketing Plan: "Fly to Win"

The plan emphasized success and achievement. It involved dropping routes that weren't profitable, as well as apologizing to travel agents for the past treatment they received from Continental Airlines.

2. Financial Plan: "Fund the Future"

Bethune's company was losing money. To know how much the airline was making or losing each day, he updated its financial system. He took steps to avert bankruptcy by renegotiating leases, postponing some payments and improving pricing structures.

3. Product Plan: "Make Reliability a Reality"

This plan was designed to improve Continental's service, so people would want to fly the airline. It included providing basic amenities: on time flights, baggage delivery and friendly employees. The Department of Transportation tracked how often airlines arrived within fifteen minutes of their scheduled arrival time, so Bethune used that as a measure for reliability.

4. People Plan: "Working Together"

Dr. Bethune was a surgeon who created an incentive program to improve cooperation among the hospital staff and encourage more trust between them, based on treating people better and overcoming infighting.

The First Step

Bethune's first priority was to gain the trust of his employees. They had lost all faith in their management, so he instituted an open-door policy and started inviting them to casual dress Fridays. He also gave tours of the offices and held open houses with food and drinks.

The author sat in the middle of the table, instead of at the head. It created a more collegial atmosphere and made it clear that things were different now. He emphasized being on time for meetings and flights because punctuality is important to both employees and airlines.

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