

A MAGAZINE FOR AIRLINE EXECUTIVES

OCTOBER 2002

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# TAM Extends Leadership

## *South American Airline Restructures for Continued Growth*

■ By Shane Batt | *Ascend* Contributor

Although having experienced many successful years as a result of its multi-year growth plan, South American airliner TAM was seeking to further improve its position in the market place.

TAM, a leading Brazilian airline, recently completed a multi-faceted initiative that involved restructuring areas as diverse as network planning, flight scheduling, revenue management, sales, marketing, branding, loyalty, distribution management and airport service provision.

The restructuring project, conducted in conjunction with Sabre Consulting, involved creating an integrated work process that fused together different commercial areas to drive revenue improvements. It covered strategic revenue enhancement (net-

new business processes in scheduling, pricing and seat inventory control. The results have produced significantly higher revenues, load factors and revenue per available seat kilometer. TAM today is the largest and strongest domestic airline in Brazil.


The strategic revenue initiatives concentrated on establishing a strong competitive position for TAM over the next five years. The results to date show that TAM has effectively managed its commercial growth through a difficult transition to deregulation in the Brazilian air travel environment and post-Sept. 11 declines in passenger demand. TAM is now a stronger competitor against new entrants in the marketplace as well as current low-cost and incumbent Brazilian rivals.

“Sabre Consulting has provided invaluable help as we work to reduce costs and reposition our company for the new realities we face,” TAM officials said.

Sabre helped TAM manage its commercial and financial performance. Moreover, operational initiatives were designed to control costs, improve cash flow and increase field efficiencies. An integrated team of TAM and Sabre personnel visited every station served by the airline. The team’s diagnostic review made specific recommendations on ways each station should address sales and service provisioning. Stations

as wide ranging as Paris, France, and Palmas, Brazil — a newly developed city in the middle of a recently cleared section of the Amazon jungle — were examined and measured with an objective set of criteria. The work defined consistent service across the diverse marketplace served by the international carrier.

Sabre Consulting played a key role in the success of the initiative, said Wagner Ferreira, commercial and marketing vice president of TAM. During the Sabre Consulting engagement, TAM’s revenues increased by more than US\$85 million.

“The results of both Sabre Consulting and TAM’s efforts now are appearing, and the airline is becoming stronger even during the challenging conditions the entire airline industry has endured since September (2001),” he said. 

*Shane Batt is a partner in Sabre Consulting.*



Over the course of more than four decades, TAM has grown into one of South America’s leading airlines. In 2000, TAM Regional and TAM Meridional carried a combined 10,902,270 passengers a total of 126,513,357 kilometers with its fleet of more than 80 Airbus and Fokker aircraft.

work planning, fleet planning, marketing, branding and loyalty) along with tactical revenue improvement (tactical scheduling, pricing, revenue management, distribution management) and merged these with operational areas (sales, airport service provision, performance reporting).

“The airline growth had been faster than we had been able to manage. We needed guidance on new commercial practices and techniques. At the moment we realized we needed assistance, we called Sabre Consulting because we knew they would be the best choice for us in order to provide an excellent level of improvement in our commercial practices,” said Ubiratan da Motta, TAM’s director of commercial logistics.

TAM’s tactical initiatives focused on the current quarter in order to improve revenue rapidly. The carrier began