

Shifting The Operational Mindset To Process Integration

How Better Business Processes Improve Operational Performance And Disruption Management

The most successful airline operations leverage unified technology in a way that sets the stage for better-integrated business processes all around the company, linking different departments with real-time data to shape decision-making.



“We always face cost considerations because it’s a very, very challenging business that has relatively low margins,”

Robert Webb, group chief information and technology officer for Etihad Aviation Group



WestJet Airlines’ technology sets the table to help manage the carrier’s more than 700 daily flights and connect baggage at its hubs. Innovation drives improvements, such as a recent investment in baggage tracking that lowered misconnected bags by as much as 35 percent. However, the carrier – like many global airlines – seeks a bigger payoff from its IT spending.

TOP STRATEGIC PRIORITIES OVER THE NEXT FIVE YEARS

Customer experience

53%

The Connected Airline [article 4 of 4]



“We have the technology to support us, but sometimes leveraging it can be an issue,” said Mike Byrom, director of guest experience for the Calgary, Canada-based airline. “When we are at peak demand, the technology needs to be consistent and help us make decisions that create an uninterrupted experience for the guest. Consistency and decision-making abilities are the keys to positive outcomes.”

The ability to foster processes that are better integrated among maintenance, ground operations, flight crews and revenue forecasting can enhance operational efficiency, customer loyalty and profitability. A recent Forbes Insights survey conducted in association with Sabre asked 100 executives from top airlines about the relationships between operational success and technology. Responses point toward improved integrated business processes built on the foundation of connected systems.

To provide the highest operational performance and deliver a superior customer experience, airline leaders must invest wisely in systems that improve situational awareness and forecasting. When bad weather or other external forces transform a normal day into a disruption, a carrier’s brand and customer promise is on the line, affecting profitability and even employee morale.

“What’s needed first and foremost is a process improvement that enables airlines to manipulate the variables under their control and drive improvement throughout their operations,” said Michael Baiada, a consultant with ATH Group who has studied airline and airport processes for many years. “Air-traffic-control improvements won’t help airlines. What will help is an airline’s real-time, curb-to-curb management of its aircraft, gates, crews, etc. That makes all the difference. We’ve been attacking the airline-delay problem from the wrong end – the air-traffic-control side – when, in fact, most delays are generated internally by what airlines do and, more importantly, what they could – but don’t – do.”

Today, airline leaders have more control over their operations than they may realize, mostly because new technologies can link siloed areas of the operation together in a way that creates

actionable, real-time insights. Leaders can optimize daily operations, prepare for an oncoming disruption, such as a forecast slow-moving snowstorm, or react quickly to an unexpected event, such as an equipment outage that shuts down the fuel-transport system at the airport.

How Business-Process Integration Translates Into Operational Excellence

The value of real-time data for airline operations, coupled with an integrated IT platform, can transform on-time performance, improve customer service and boost profits. But this will not happen without integrated business-process improvements that link data from different parts of the airline and translate it into actionable insights.

INITIATIVES THAT CAN BEST FACILITATE IMPROVED AIRLINE OPERATIONAL PERFORMANCE

FLIGHT OPERATIONS: FLIGHT OPTIMIZATION, DISRUPTION MANAGEMENT	79%
SERVICE DELIVERY: CONNECTED AIRCRAFT, OPERATIONS, IN-FLIGHT, GROUND AND CUSTOMERS	77%
TECHNOLOGY: UNIFIED AND CONNECTED SYSTEMS	57%
MANAGEMENT: HORIZONTAL VS. VERTICAL ORGANIZATIONAL STRUCTURE	30%
ASSET MONITORING: TRACKING, GEO-LOCATION GPS, SATELLITE, ETC.	29%
DISTRIBUTION: CHANNEL SHIFT, WEBSITE CAPABILITIES, MOBILE	27%

“The challenge is how to get accurate data on a real-time basis in an efficient way, and how to transform it to actionable knowledge in a way that makes sense for the operations,” said Dr. Jassim Haji, director of information technology for Gulf Air.

Airline executives are in need of more-integrated business processes for daily operations, and they are taking steps in that direction.

IT Overhaul Geared For A Competitive Advantage Gulf Air engaged in a wholesale overhaul of its IT processes to effectively gather real-time data and

act on it, for both overall excellence and improved disruption recovery, according to Haji. The changes “came from the realization that acting quickly on data helps avoid potential disruptions, turns negative passenger experiences into positive ones and allows us to be ahead of our competitors.”

Improvement Of The Customer Experience

Finding better ways to harness customer feedback is one process changing at WestJet. The airline has replaced a 70-question passenger survey with much shorter surveys for its flyers, all aimed at specific parts of the operation. The intent is to share the results quickly

with frontline teams at hubs, ultimately creating a positive feedback loop to enhance customer service and improve metrics such as on-time percentages, baggage-handling misconnects and overall customer satisfaction.

“At the leader level, they will see the verbatim customer comments and be able to follow up with employees directly to improve the customer experience,” said WestJet’s Byrom. “The surveys aim to provide a broader set of actionable data for operations control to work with. The program is part of a larger effort to enhance operations and give WestJet’s operations-center leaders actionable data from all areas of the carrier – all with the goal of making more-optimal decisions.”

Meeting Five-Star Expectations Through Better Process Integration

Integrating business processes remains vital to an airline company such as Etihad Aviation Group, which positions itself as a five-star global brand with consistently high service levels.

“It’s important for us to be able to utilize common technologies in support of our guest-facing processes,” said Robert Webb, group chief information and technology officer for Etihad Aviation Group. “And it could be something as simple as knowing their patterns of travel or knowing their food preferences, or being able to greet them by name at the airport because the information systems allow us to do that. Those are the kinds of signature experiences we want to have.”

Disruption Management – The Toughest Test Of Business-Process Integration

Disruption management raises the stakes for an airline’s success or failure. Effective disruption management can improve the customer experience and even build loyalty by outperforming competitors in the most difficult conditions. On the other hand, high-profile operational meltdowns create negative media attention that can haunt operators for years, harming customer perception and profitability. In fact, the effectiveness of disruption-management

practices is measured mostly by its impact on passenger loyalty and sentiment.

The price of mishandling disruption management is enormous. The airline industry collectively incurs hundreds of millions of dollars in added costs from disruptions by weather or facility constraints. Applying new technology tools on both the commercial side of the enterprise and the customer-facing side helps mitigate events.

Airline executives look to integrated business processes for solutions to disruption management.

“Because so much of the airline is dependent on information technologies, they have to work,” said Etihad’s Webb. “Being able to dynamically reposition aircraft, to accommodate passengers, to transfer people to alternate flights if that’s required – these capabilities are increasingly delivered by technology. We need to make sure we have the right aircraft, the right crew, the right pilots and the right parts in the right places at the right time should there be some issue.

“In an airline group such as ours, the connectivity among airlines is critically important,” Webb said. “Understanding how we manage our 50 codeshare partners, as well as how we manage the transfer of passengers between aircraft when people are in transit at the hub, is a critical differentiating capability. We want to make sure there is a smooth transfer. Having integrated business processes across common IT platforms enables the level of detail required for that service at the hub level.”

Airline executives point to the following areas in which they feel they still lack business-process integration for successful disruption management.

Integrating All Functions

Having integrated business processes pays dividends, as different departments can standardize data to send to operations, ushering in a new situational awareness for leaders that leads to better decision-making. The process has benefited Oman Air, but there remains more opportunity to integrate its processes going forward.

“Technically, we have integrated our platforms, but there are still certain gaps,” said Sourav Sinha, senior vice president of information technology for the airline. “We have the ground services, we have the flight operations and we have engineering – if we can integrate these three functions, we would see a significant improvement.”

Coordinating Silos

Coordinating information among silos inside the airline to create actionable intelligence leads to better decisions. When choosing which flights to cancel, factors to consider include revenue, duty-time limits for flight crews and maintenance needs for the fleet. The key is finding the optimum solution, and real-time data can illuminate that.

“We want to always avoid peak-season flight delays because they have a ripple effect on other

ASPECTS THAT ARE MOST IMPORTANT WHEN MEASURING THE EFFECTIVENESS OF AIRLINE DISRUPTION MANAGEMENT PRACTICES

IMPACT ON PASSENGER LOYALTY OR SENTIMENT	66%
TIME REQUIRED TO BRING THE OPERATION BACK TO PLAN	46%
TOTAL OPERATIONAL COST OF THE DISRUPTION	45%
IMPACT ON PASSENGER CONNECTIONS (PASSENGER EXPERIENCE AND REVENUE PRESERVATION)	40%
DISPLACED REVENUE (AS A RESULT OF RE-ACCOMMODATING PASSENGERS ON COMPETITOR AIRLINES)	32%
COMPLETION FACTOR (PERCENTAGE OF FLIGHTS THAT OPERATED AND WERE NOT CANCELED)	29%

TOOLS AND PROCESSES CURRENTLY IN PLACE TO MANAGE DISRUPTED OPERATIONS

CROSS-DEPARTMENTAL INFORMATION AND SCENARIO SHARING	82%
PASSENGER SELF-SERVICE TOOLS (KIOSKS, MOBILE APPS SUPPORTING SELF-RE-ACCOMMODATION)	78%
AUTOMATION TOOLS (PASSENGER AND CARGO RE-ACCOMMODATION, SCHEDULE AND REBUILD)	77%
RESERVE ASSETS (AIRCRAFT, CREW, GROUND FACILITIES, SERVICING)	69%

WHAT DO YOU SEE AS THE GREATEST OPPORTUNITY IN THE NEXT THREE YEARS TO IMPROVE YOUR DISRUPTION MANAGEMENT CAPABILITIES?

ENHANCED OPTIMIZATION	29%
BETTER ACCESS TO REAL-TIME DATA	22%
INCREASED AUTOMATION	21%
IMPROVED COMMUNICATION AMONG INTERNAL TEAMS	16%
STREAMLINED BUSINESS PROCESSES	12%

things in our operation – the number of passengers in the airport builds up, there is more chaos, there is no place in the passenger lounge and our check-in counters are full,” Sinha said.

Arming Airport Employees With Mobile Tools

Disruptions affect airline employees just as much as they do passengers. Overcrowded airport facilities create long lines for passengers trying to get answers about delayed or canceled flights. Mobile tools for agents can ease rebooking and provide needed answers, allowing staff to process more passengers or spend more time with complex problems.

“At Oman Air, the use of mobile devices that help bridge data from different parts of the airline creates actionable intelligence for employees on the ground,” Sinha said. “The technology enables our managers to monitor what is actually happening on the ramp so they’re able to see how these flights are affected in real-time, including where the crew is, where the bags are, what the status of fueling is and so on. It

also helps if a flight is coming in with a bit of a delay. They can then move some of these on-site staff coordinators from servicing other planes to handling that flight, which might have more passengers or more cargo.”

Need For Intelligent Systems

Airline executives understand that without business-process integration, they are not realizing the full potential of available technologies. Deeper discussions with airline leaders also reflect a desire for better business processes that use common platforms to create real-time data. Many carriers have already taken the first steps toward unified systems, with hopes of deeper integration benefits to maximize future results.

IT Investments Improve Operations And Disruption Management

The Forbes Insights and Sabre reports point toward the potential of real-time actionable data for

airline leaders to improve operations, deliver on brand promise and even affect profits and loyalty. The most effective IT strategies for gathering and analyzing real-time data are integrated platforms. As carriers invest in unified systems, their business-integration processes will continue to improve.

“The business cases for improved technology tend to be very powerful because information systems can enable significant increases in productivity, meaning we can grow faster and more efficiently,” Etihad’s Webb said. “Additionally, technologies such as online and mobile channels or revenue-management systems enable growth.” ASCEND

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