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## Happy Jetting

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**46** Planning departments follow industry best practices to compete


# Practice Makes Perfect



Independent of organizational structure, many airlines ensure their planning departments abide by industry-best-practice principles and cover all required activities. In doing so, they stay competitive in a dynamic environment, remain compliant with minimum industry standards and, in the long run, help maximize profitability.

■ By Pete Newell | *Ascend* Contributor





**W**hy do virtually all airlines manage day-of-departure schedule changes in operations and not in scheduling? Why do a vast majority of airlines set varying fare levels on the same flight as opposed to selling all seats at a standard rate? Why do almost all carriers produce annual plans? Because, quite simply, these activities improve efficiency, increase revenue and help long-term planning. While there are numerous ways to achieve these goals, many airlines follow the same standard commonly known as industry best practices when performing these activities.

External influences significantly impact the airline business. For example, passengers who have purchased tickets on other airlines in the past have developed certain expectations when it comes to purchasing tickets on a new airline, even if that new airline claims to be different. In addition, airports have rules that carriers must abide by before being granted rights to fly into that airport. When considering these passenger and airport demands, an airline still will most likely position itself as unique and unrestricted by the conventions of its competitors.

Competitive differentiation is important; however, an airline also must adapt a majority of its behaviors to industry best practices to succeed. Failure to ensure an airline's practices meet industry standards will likely negatively impact its bottom line and, in some cases, threaten its survival.

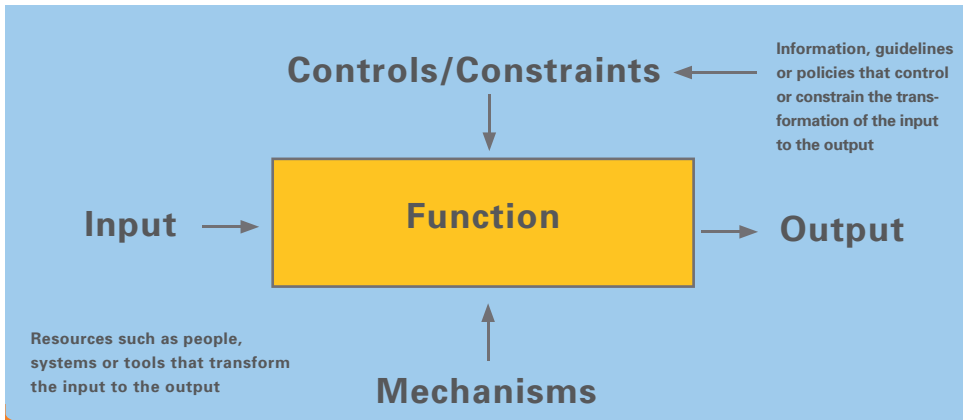
What do carriers do when they want to achieve industry best practices? Consultative studies are often beneficial in these cases because an outside perspective is useful in getting a carrier back on a competitive track. External consultants conduct business process reviews that pinpoint areas where a carrier is not achieving industry best practices and recommend steps needed to bring them up to standard.

These reviews utilize the IDEF0 methodology, originally designed by the U.S. Air Force to model decision, actions and activities of an organization or system. It involves high-level functions and sub-functions with multiple sub-levels such as sub-functions of sub-functions. These levels are numbered such that Level 0 is the highest level. At all levels, a function transforms inputs into outputs subject to controls with the use of mechanisms.

*Sabre Airline Solutions*<sup>®</sup> consultants have customized the IDEF0 approach to apply to various airline functional groups. Key to its popularity and success, this methodology focuses on function rather than organization. Basically, airlines may vary the structure of their departments as long as all industry-best-practice activities are conducted. Often, departments are structured to match functional groupings, but not always, and it is not

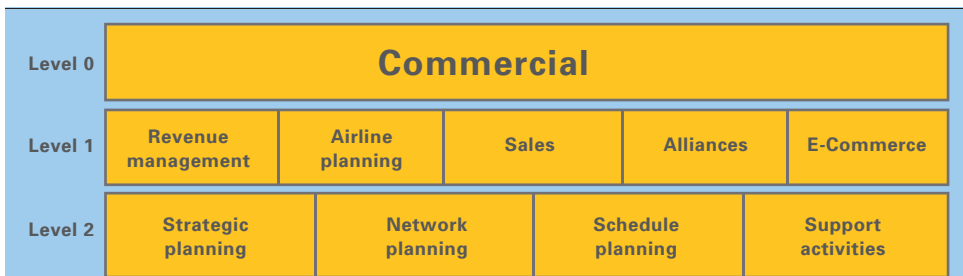


## IDEFO Methodology



Using IDEFO methodology, a function converts inputs into outputs dependent on controls with the use of mechanisms. Sabre Airline Solutions consulting team has tailored the IDEFO approach to apply to various functional groups within airlines. A key factor in this methodology is the focus on function rather than organization.

## Airline Planning



Airline planning is one of several high-level functions within the commercial organization of an airline that can be broken down into lower-level functions (or sub-functions), including strategic planning, network planning, schedule planning and support activities.

## Strategic Planning



Strategic planning is the function dedicated to looking at and preparing for the long term. It involves using information such as industry data, determining upper management's objectives and goals, and applying planning systems. The output from this function is used by other departments to help carry out these corporate goals.

a requirement to take advantage of the IDEFO approach.

Industry best practices impact every aspect of an airline, both operationally and commercially.

For instance, on the commercial side (a level 0 functional group), airline planning is a key area or level-1 functional grouping. Typically, airline planning activities are conducted within an airline's marketing or commercial divisions, though some variation can exist. For some carriers, airline planning activities are grouped into one large network management or planning and scheduling department. While the exact name of the department is not important, it is imperative that an airline ensure it conducts most airline planning activities as defined by the IDEFO industry-best-practice model.

Four functional groupings (level-2 activities) fall under the airline planning umbrella, including:

1. Strategic planning,
2. Network planning,
3. Schedule planning,
4. Support activities.

An airline's organizational structure may or may not map directly to these level-2 sub-groupings. For example, carriers often assign support activity tasks to various departments. In other cases, half of the activities may be handled by network planning, and the other half by schedule planning. Regardless of where the support tasks take place, it's critical that a cooperative environment exists to help coordinate all functions.

If viewing airline planning as a relay team, strategic planning (long term) hands off the baton to network planning (medium term) which, in turn, hands it off to schedule planning (short term). Support activities are just that, activities enabling the other functions to be completed successfully. The four level-2 functional groupings work together to help ensure industry best practices exist throughout the airline planning process.

### Strategic Planning

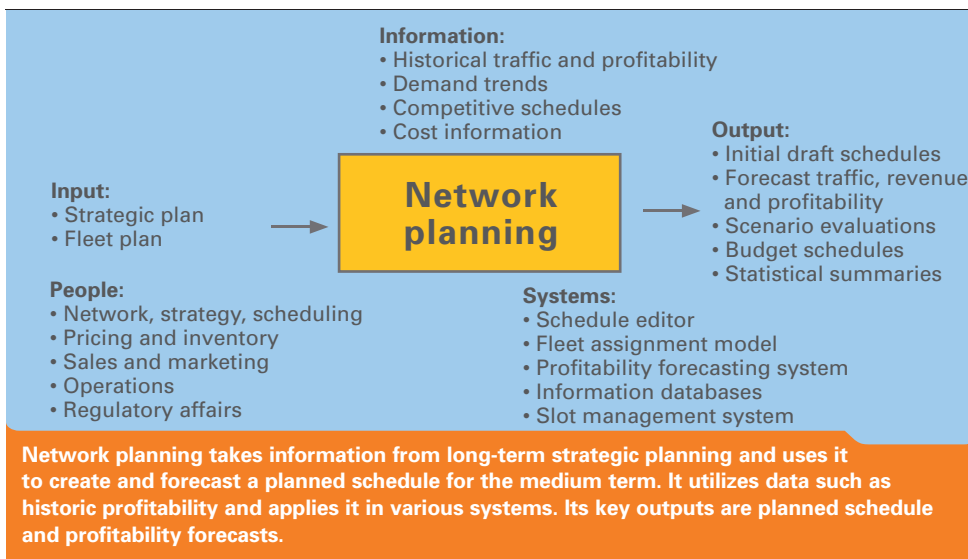
Strategic planning's objective is to better prepare the airline for the long term, typically 18 months or more into the future, and it evaluates mergers and acquisitions. While many airlines have a department dedicated to strategic planning, others allocate it as a separate task for network planning. In either case, it is essential that the airline completes strategic planning activities, otherwise, it may miss growth opportunities uncovered by the process and fail to adapt to a changing environment.

### Network Planning

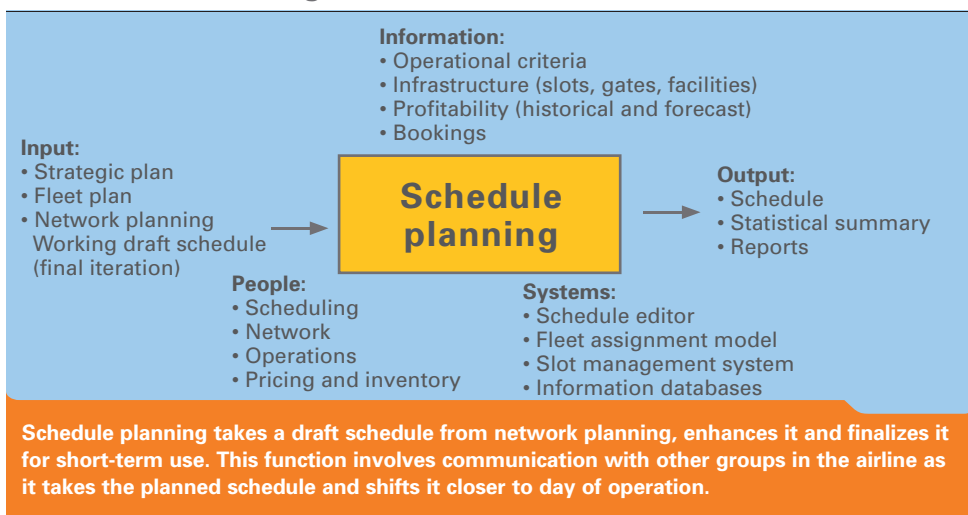
Network planning, responsible for determining routes and frequencies, is directly impacted by strategic planning outputs. Typically viewed as a function for the medium



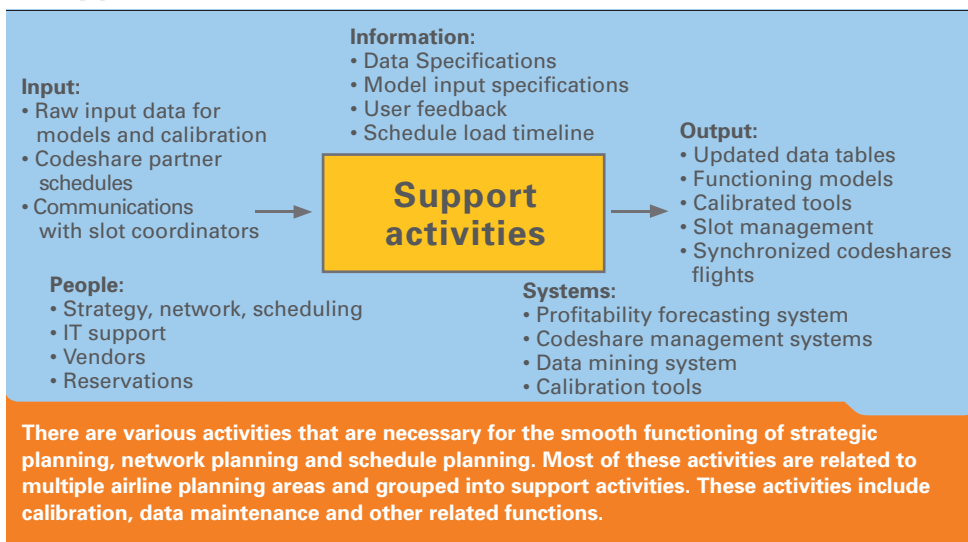
## Network Planning



## Schedule Planning



## Support Activities



term (18 months to six months in the future), network planning uses the strategic plan and fleet plan supplied by strategic planning as its base. Network planning is a key function in driving an airline's business since its outputs include required elements for schedule planning, sales and other areas, such as the draft schedule and scenario forecasts.

### Schedule Planning

While network planning starts the process of schedule generation, it is the schedule planning activities that finalizes the timings for each flight. These activities begin six to nine months prior to day of operation and last until the week before or, in some cases, the day before. The inputs utilized for schedule planning activities are outputs that were produced during both strategic planning and network planning activities.

### Support Activities

Some activities cross over the different defined time spans within airline planning. These tasks, called support activities, help support completion of the various strategic planning, network planning and schedule planning functions. For example, the calibration of data models used by the three planning functions is a support activity.

Often, responsibility for support activities is shared by various departments within airline planning rather than assigned to a dedicated department. There is some variation by airline in terms of which department performs which activities. Typically, if the activities are not assigned to dedicated departments, they fall under network planning or schedule planning.

The IDEF0 approach to industry best practices continually expands and is applied to more and more areas within airlines. Beyond airline planning, it has been applied to areas such as revenue management, pricing, ground handling, cargo revenue management, operations control, dispatch and crew planning. Its popularity among airlines is buoyed by the fact that it works regardless of system types used. As airlines continue to face the challenges brought on by a constantly changing external environment, it will become more imperative that they remain in line with industry best practices across all operations and commercial areas. **F**

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