

Transformative business model for kenya airways

[Transportation](#), [Airlines](#)



Research indicates that Kenya Airways has not been performing well for a number of years. According to C. E. O's report in the KQ 2017 Annual report, the performance of the firm has been going down since 2009 and the worst performance was experienced in 2015. It can be agreed upon that there is a problem in the company since the number of passengers has been increasing since 2005. The passenger board factor has been averaged between sixty three percent and the highest figure being seventy five percent and that is a reflection of the same trend in the airline industry. Thus, the company needed to find a solution to the problem since it is impossible for the number of passengers to increase while profits are going down (McKinsey Quarterly, 2017).

The firm decided to hire McKinsey to implement revenue generation and cost saving initiatives. There was the implementation of the turnaround strategy and it was realized that the successful of the strategy could only be attained if the process was guide by the top management when utilizing the Mckinsey 7s model. The McKinsey 7s model focuses on seven elements that a firm needs to be aligned so that it can be in a better position of improving its performance. The elements include; startegy, shared values, systems, style, skills, staff and structure. Research shows that the success of the turnaround strategy a firm needs to analyze the seven elements in the context of the firm. More so, the elements need to be structured in a way that it will improve the performance of the firm (McKinsey Quarterly, 2017).

There were a number of measures that were put in place while using the turnaround strategy. It was imperative for the firm to cut down capacity and weaker brands. Furthermore, the firm also recruited new employees who

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paid low salaries as compared to the existing ones. There was also the reduction of the number of dealers, bond holders and retirees which led to the reduction of costs. The company also opted for the reduction of price discounts and it also worked on the perceived quality of vehicles and the increase in market share (McKinsey Quarterly, 2017).

Research was conducted on the influence of the survival strategies of Kenya airways and it was noted that managerial skills, innovativeness, human resource practices and the management of working capital had a great influence on performance. There are also a number of ways in which Kenya Airways has used to increase customer value and they can be related to the Mckinsey 7s model. They include the following;

- Strategy. Due to the increase in completion brought about by the increase of airline services in the country, Kenya Airways was forced to reduce the price of its products and services and that has enabled the company to ensure that there is customer loyalty.
- Structure. It has been realized that the company has been organized in such a manner that customers are capable of enjoying services properly. The company employed competent managers who employed a participative kind of leadership (KQ 2017 Annual report, 2017).
- Systems. Through the application of the turnaround strategy, the company was able to implement new procedures of getting things done and that helped it to improve performance.

- Shared values. The company has a number of shared values such as the goal to meet the satisfaction of all customers and reducing the number of dealers that they have.
- Style. Research shows that the company has employed a participative kind of leadership in the sense that each employee takes part in the process of decision making but the final decision is made by the top management.
- Staff. Recently the company has hired competent employees who have the skills and knowledge of satisfying customers. In addition, the employees who have been recently hired are paid low salaries as compared to the existing employees (KQ 2017 Annual report, 2017).
- Skills. According to recent studies, the employees who have been recently hired and the ones existing have been proven to be competent. The recruitment of competent employees helped a lot in shedding of the majority of legacy debt and the reduction of weaker brands and at the moment the company is slowly bouncing back to profitability (KQ 2017 Annual report, 2017).

Change Management lessons that business managers can learn from Kenya Airways

Change management has been defined as the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers (Todnem, 2015).

Change is an ever-present feature of organizational life, both at an operational and strategic level. Therefore, there should be no doubt regarding the importance to any organization of its ability to identify where it needs to be in the future, and how to manage the changes required getting

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there. Consequently, organizational change cannot be separated from organizational strategy.

The rapid pace of technological innovation, a growing knowledge workforce, and shifting social and demographic trends, few would dispute that the primary task for management today is the leadership of organizational change. Since the need for change often is unpredictable, it tends to be reactive, and often triggered by a situation of organizational crisis For KQ to succeed in the highly competitive and continuously evolving environment, their change management needed to be successful, here are some of the lessons that can be learnt from the change management process.

COMMUNICATION

A supervisor might enthusiastically and positively announce a major restructuring project. He or she may give all the information on why the change is necessary and how it will positively impact the organization, but an employee might hear something like “ The company is in trouble,” or “ My job is at risk.”

What the employee hears could be a result of several factors, such as other career plans, rumors from colleagues, their level of trust for the Sender, and personal relationships.

At KQ, the communication was done effectively, there was communication of the change from the top-level management down to the employees. Senior leadership and the employee’s immediate supervisor. The senior leaders explained why the change was necessary, the risk of not changing, and how the change aligns with the organization’s vision and direction.

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DEFINE VALUE SYSTEMS

Organizational value systems always impact the way change happens. What is important to the organization? How are decisions made? Who is in charge? What behaviors are rewarded and recognized? What is compensation based upon?

It is critical for all change managers to understand the underlying values of their organizations because these factors directly influence the way change will be accepted and how much work will ultimately be required to ensure successful outcomes for the business.

Through the organizational attribute assessment, KQ was able to identify their value system and align its strategies along with this.

CHANGE IS A PROCESS

Change occurs as a process, not as a singular event. Organizational change does not happen instantaneously because there was an announcement, a kick-off meeting or even a go-live date. Change must therefore be managed at both the individual and organizational level.

For KQ, every individual went through his or her own process of change and ultimately the organization as a whole was able to change. In the process of change, no individual will experience the change in the same way, and change management activities for the organization should be based on where individuals are in the change process.

The rewards given during the change process boosted the morale of the employees and kept them motivated.

AUTHORITY FOR CHANGE

Throughout the change management process KQ had the leaders who helped the employees understand the change being made and how it aligned with the organization. The leaders became part of the change and set an example for the rest of the employees. They supported the change from every aspect and guided the employees through it as they kept reminding them what they were working towards.

The KQ change implementation leaders also cultivated team effort and got everyone on board.