

Effective operations management at ryanair

[Environment](#), [Air](#)



To be successful in an increasingly competitive environment, organisations must be more adaptive and innovative than ever before in providing a superior quality service. This paper will consider the role of operations management with the organisation and ways in which successful operations management can contribute to meeting organisational objectives.

It is essential the organisations address issues of quality and resource utilisation to reduce costs and provide superior customer service with the intention of increasing sales and creating a competitive advantage. This paper will discuss how organisations can create a quality culture through TQM, and diagnose problems and areas for improvement using quality tools such as Lean and Six Sigma.

The final section of this paper will discuss how organisations can plan for the successful implementation of TQM, highlighting the need for a quality management team, adequate management and resource availability, and consultation and communication with its workforce.

Task 1: The strategic objectives of operational management

The role played by effective operations management at Ryanair

This section will discuss the role played by effective operations management at Ryanair; Europe's largest low cost airline. Effective operations management is the systematic direction and control of five functions (management, procurement, transformation, customer services and distribution) that transform input resources into finished goods or services offering superior customer satisfaction (Slack, 1999). Within this

transformation process (Figure 1), the role of effective operations management is to improve resource utilisation, thus reducing costs, whilst also providing improved quality and customer service which increases revenue (Slack and Lewis, 2002).

Figure 1: Transformation process

Operations management at Ryanair aims to optimise resource utilisation through the careful management of employees, technology, raw materials and money in order to increase productivity. For example, flight staff at Ryanair are trained to improve their productivity and keep aircraft turnaround times to a minimum (Slack et al, 2007). This increase in productivity allows Ryanair aircrafts to make more flights each day, significantly increasing turnover.

In addition to this, another role of operations management at Ryanair is to ensure superior customer satisfaction. This is achieved through improving the flexibility, quality and consistency of its service and continually driving down costs. For example, through providing a no-frills basic service on-board its aircrafts, Ryanair can ensure superior satisfaction through driving down costs (Slack et al, 2007).

The role played by effective operations management at Ryanair is to maximise resource utilisation and ensure superior customer service. Although operations management at Ryanair is extremely successful at these two roles, it could be recommended that they continue to ensure effective operation management through maintaining a precise

understanding of customer requirements and monitoring environmental change that may affect these requirements.

Ryanair's strategic objectives

Ryanair's strategic objectives set out its mission and aims as well as defining how it is going to compete within its market (Slack and Lewis, 2002).

Ryanair's strategic objectives will be categorised in terms of its goal (market leadership), target customers and offer (distinctive positioning), operating system (to sustain its low cost position), values and distinctive competence.

Ryanair's fundamental goal is to establish itself as Europe's leading low-fares scheduled passenger airline through continued improvements and expanded offerings of its low-fares service (Ryanair, 2009). Gaining and maintaining market leadership is advantageous in allowing Ryanair to increase its publicity due to leadership status, increase its economies of scale and further reduce costs.

Another main strategic objective of Ryanair is to clearly identify its target market segments in order to position its strategy to satisfy particular customer requirements. Ryanair identifies its target customers as fare-conscious leisure and business travellers (Ryanair, 2009). In addition this, Ryanair's strategy is to create a superior offer tailed to its target customer requirements. Ryanair aims to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost-containment and operating efficiencies (Ryanair, 2009).

Ryanair's strategy is also to clearly define its company values of low price, value for money and efficiency and to further utilise its distinctive competence of being creative at driving down cost. This distinctive competence is effective because it can be transferrable to other services; it provides a benefit to the customer and is unique to Ryanair.

In summary, Ryanair's strategic objectives are to become Europe's largest airline operator through offering low-cost, reliable service to both business and leisure users. Ryanair aims to achieve this through clear company values of low price, value for money and efficiency and its distinctive competence of being creative at driving down costs. In order to fulfil these strategic objectives, Ryanair must ensure that its operational objectives are focussed on ensuring superior customer satisfaction and effective resource utilisation.

The success of Ryanair's operations objectives in meeting strategic objectives

This part of the assignment shows how Ryanair's operations objectives contribute effectively to achieving its strategic objectives. Operations objectives are decisions which shape the capabilities of an operation and their long-term contribution to strategic objectives, through the reconciliation of market requirements with resource utilisation (Slack and Lewis, 2002). The success of Ryanair's operations objectives in meeting strategic objectives is achieved through its focus on ensuring superior customer satisfaction and through rigorous redesigning of systems and processes to enhance resource utilisation.

Superior customer service is achieved by Ryanair's operations management through obtaining a clear understanding of the characteristics and requirements of their target customers. Ryanair understands the importance of a low-cost, reliable and safe airline service to its customers. Ryanair sells tickets directly to customers through its internet site keeping prices low and providing customers with the flexibility to buy tickets whenever and wherever they choose (Ryanair, 2010). In addition to this, Ryanair also keeps aircraft turnaround times to a minimum allowing more flights to take off per day and increasing the availability of flights to customers (Slack et al, 2007).

Operations management at Ryanair also aims to improve resource utilisation and to continuously drive down cost. Ryanair, for example, uses standardised aircrafts and parts to allow for large orders from a single aircraft supplier increasing their economies of scale. In addition to this, Ryanair schedules flights to smaller secondary airports allowing money to be saved in airport fees (Slack et al, 2007).

These twin operational objectives are so well balanced that they enable Ryanair to successfully achieve its strategic objectives. Through ensuring superior customer satisfaction, Ryanair is able to maintain a clear definition of its offer and also fulfil its goal to become Europe's largest budget airline through increasing its customer demand. In addition to this, continuous improvement to resource utilisation allows Ryanair to gain and maintain competitive advantage through its distinctive competence of being creative at driving down costs and values of providing a low price and efficient service.

Ryanair's operations objectives are extremely successful in meeting strategic objectives through its clear focus on ensuring superior customer satisfaction and rigorous redesigning of systems and processes. It could be recommended that Ryanair further builds upon this success through the implementation of a Total Quality Management (TQM) system aimed at integrating practical quality control techniques with organisational cultures conducive to the continuous improvement of quality (RDI, 2008). TQM systems at Ryanair will be further discussed in the next section.

Task 2: Appropriate Systems

2. 1 Systems to ensure the quality of products

This section will discuss the use of two fundamental quality systems, Six Sigma and Lean. These two processes implement different methodology to achieve a similar goal: an offer of superior quality through the careful consideration of customer requirements and removal of defects and waste.

Six Sigma

Six Sigma is a data-driven discipline aimed to improve the quality of operational processes by listening to customer requirements and identifying and removing the causes of defects and variability (General Electric Company, 2009). Organisations that implement Six Sigma correctly achieve significant benefits that contribute to competitive advantage and to changing the culture in an organisation from reactive problem solving to proactive problem prevention (Six Sigma Group, 2010).

An organisation such as Ryanair could use Six Sigma to ensure quality through the implementation of the Define, Measure, Analyse, Improve and Control method throughout the organisation. Customer requirements must be defined and measures should be made against core business processes to determine possible shortfalls. Potential gaps between current performance and goals must be analysed, and then innovative solutions using technology and discipline can be implemented and controlled (iSixSigma, 2010).

Lean

Lean is a production practice aimed at maximising customer value while minimising waste (Lean Enterprise Institute, 2009). Ryanair could incorporate Lean to help optimise the flow of the transformation system to ensure superior customer value and minimise waste. This could be achieved through determining customer requirements and eliminating stages of the transformation system that do not contribute towards meeting these requirements. This process should be repeated until perfect value is created with no waste (Lean Enterprise Institute, 2009).

Unlike Six sigma which focuses on individual systems, Lean is effective at ensuring quality through addressing the transformation system as a whole. This also allows simpler information management and allows for faster responses to changing customer requirements.

2. 2 The use of TQM and ISO 9000 to monitor quality to a satisfactory level

Total Quality Management (TQM) and ISO 9000 have a mutual focus on ensuring quality through the promotion of customer satisfaction and process

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improvement. Whereas ISO 9000 is a tool used to regulate quality, TQM can be understood as the overarching philosophy within which ISO 90000 should be implemented.

TQM

TQM is a management philosophy that aims to empower all organisational functions with the responsibility of ensuring quality (ISO, 2010). This is achieved through developing and reworking systems to optimise resource utilisation, prevent errors and ultimately achieve superior customer satisfaction (Chartered Quality Institute, 2010).

TQM aims to deliver quality and value above and beyond customer expectations through several key principles. Firstly, employees throughout the TQM organisation must be united within a customer-focussed culture to share ideas and facilitate innovation (Oakland, 2003 p3 ff). There must also be continuous improvements of systems and processes to increase resource utilisation and prevent errors before they occur. Finally, information must be shared throughout all levels of the organisation to ensure that the quality culture is embedded and maintained (Oakland, 2003 p3 ff).

ISO 9000

ISO 9000 is a tool which can be used within a TQM culture to regulate and ensure quality. It is a systematic approach to managing the organisation's processes so that they consistently turn out products that meet and exceed customer expectations (ISO, 2010).

ISO 9000 is able to ensure quality to a satisfactory level through the implementation of quality management guidelines. Firstly, the organisation must ensure that a clear customer focus is established and processes are assessed as to how successful they are contributing to the customer focus. All outputs are monitored for defects, and new systems are implemented to prevent future defects. Continuous improvements are made to the quality system to ensure continued development (ISO, 2010).

TQM and ISO 9000 are essential systems to ensure quality. Organisations must be aware, however, that in order to maintain a level of superior quality, TQM and ISO 9000 must not be treated as add-on functions with little attention given to the required changes in organisation and culture.

2. 3 Quality Culture in the United Kingdom and Bulgaria

This element of the paper sets out to define the term ‘ quality culture’ and then compares the view of quality between the United Kingdom and Bulgaria.

Quality culture is an organisational value system that results in an environment that is conducive to the establishment and continual improvement of quality (Noronha, 1999). An organisation that develops and maintains a quality culture will differ significantly from an organisation with a traditional culture. Its attitude towards customers, problem-solving approach, supplier relationships and performance improvement approach will be geared towards creating superior customer value and increased resource utilisation as means of achieving a sustainable competitive advantage.

For the successful introduction and implementation of a quality culture such as TQM, a quality culture must be developed to increase the success and likeliness of the system's acceptance throughout the organisation. This can be achieved through maintaining an awareness of quality as a key cultural issue, empowering employees and encouraging self-development, and rewarding behaviours that nurture and maintain a quality culture (Noronha, 1999).

The view of quality in the UK and Bulgaria

The view of quality in the UK has been shaped considerably by the values and principles brought about by quality management systems such as TQM, ISO 9000 and Lean etc. There is a great emphasis on achieving quality through the refinement of systems and processes tailored to deliver superior customer satisfaction and efficient resource utilisation (Noronha, 1999).

Becoming part of the economic union in 2007, Bulgaria has had little exposure to quality management systems and quality culture that have been adopted by many organisations across Europe. The view of quality in organisations in Bulgaria was based purely on traditional values rather than hygiene, inspection of product, systems and TQM.

Although there are clear differences in the view of quality internationally, there are also considerable differences between the views of quality nationally. The key issue, however, is the degree to which an organisation is able to understand and address quality issues.

By way of conclusion a further point of interest prompted by this question is that while comparing quality culture between countries it is apparent that the same issue can be levelled at individual companies. Slack references the differences between companies in individual countries by distinguishing between pioneer, adaptive and follower categories of business and different approaches to quality culture

Task 3: Organisational Performance

Problems and opportunities for quality improvement

In order to establish a need for quality improvement, BTB should conduct an appraisal of internal and external factors to gain an understanding of potential shortfalls in the quality of products and services, and resource utilisation.

For an external review, an appraisal of the stakeholder market can be undertaken providing valuable information about customer requirements and stakeholder perceptions of the current quality of the operation. This type of appraisal can be undertaken through market sensing customer needs and requirements, and conducting surveys to obtain customer feedback on service and product quality. In addition to this, benchmarking can be undertaken to compare the performance of the company with that of its competitors within its own and other markets.

BTB can also undertake an internal review to reveal information about potential gap between where the company is performing now and where they want to be in the future. This gap analysis can be undertaken to identify the adequacy of the systems currently in place to engage with customers

and the channels in place to facilitate communication and information sharing.

Organisational performance improvement programme

Executive Summary

This report will show how, through the introduction of TQM, improvements will be made to significantly raise productivity and reduce waste. As a consequence of these improvements sales throughput will have the potential to dramatically increase, significantly enhancing the organisation's ability to gain and maintain competitive advantage.

Introduction

BTB Brew Technology (BTB) is an international manufacturing business specialising in buying, refurbishing, and selling industrial processing equipment and factories. BTB's strategy is to increase sales throughput by 10% through making dramatic improvements to customer service and resource utilisation. BTB has been advised to implement TQM as a means of achieving this goal.

The importance of TQM

Many organisations have found that the key to competitive success lies in maximising product and service quality (Kano, 1993). TQM is an effective means of allowing BTB to improve customer service through improving quality and resource utilisation. It is a structured system that will encompass

all levels of an organisation to provide products and services that consistently meet and exceed customer expectations (Noronha, 1999).

The importance of an implementation plan

The implementation process of TQM will require a substantial change in BTB's organisation and management philosophy. Simply understanding TQM is not enough to create a management system required to sustain a TQM culture. It is essential that BTB develops a strategic TQM implementation plan that is developed, directed, and supported by management, and implemented throughout all levels of organisation.

Strategic approach to project management

Edwards and Hodgson (2004) state that TQM implementation is most successful when the four stages of (a) providing a vision (b) management action, (c) increasing employee participation and awareness, and (d) business alignment, are undertaken. This suggests that a successful implementation strategy must begin with creating vision towards quality which is communicated throughout the organisation. Management must show their commitment to the vision and motivate and empower employees to make quality their priority. Business systems and processes must then be modified to achieve customer satisfaction and resource utilisation.

Recommendations

As a means of ensuring a successful and smooth implementation it is recommended that BTB formulates a project management team who will be

responsible for developing and carrying through the strategic implementation plan.

Strategic Implementation Plan

Figure 1: Stages of TQM implementation

The implementation plan consists of three stages: developing a case for change, piloting TQM, and implementation.

Developing a strategy for change

In this stage, BTB should aim to gain a thorough understanding of what should be expected from the introduction of TQM and the implications of introducing it. Upper management at BTB will need to develop a clear belief of the benefits of TQM to generate the momentum to start and maintain the implementation. This could be achieved through conducting benchmarking visits to superior performing organisations and studying TQM literature.

After establishing a belief and need for TQM, the organisation must unite with a commitment to customer satisfaction; communicating the 'vision' and bringing together employees within a quality culture. To communicate and lead this vision, BTB will need to bring together a quality management team who will be the driving force behind the implementation process.

The quality management team will firstly need to communicate the quality vision and ensure that all employees understand and are committed to the organisation's direction. This could be achieved through establishing a company quality policy, incorporating a statement of vision, goals and

principles which is communicated to all employees. The quality management team must also start to build trust amongst employees, providing reassurance about jobs and roles, and communicating the benefit of TQM. Employees must also be motivated with a new sense of direction, receiving encouragement and rewards when commitment to the new culture is displayed.

Preparation for the piloting stage must also be conducted, ensuring that there is appropriate resource allocation and support for TQM. Guidance must also be given by the quality management team to help clarify the role of each level of management, and establish systems and activities for interdepartmental problem solving.

Finally, the quality management team must begin to identify and develop an appropriate action plan for TQM implementation; producing a Gantt chart which clearly illustrates the work breakdown structure of the project. They must, take into consideration the deadline for implementation, time to deliver and install new equipment and systems, length of training programmes, and potential obstacles which may be faced such as shortage of capital, and delays from suppliers. It is important that 'buffer' periods are also factored into the time plan which will help to compensate for unexpected problems.

Piloting TQM

The piloting stage will provide BTB with a learning base from which management can begin to analyse the breadth of TQM requirements

including, time, resources, and management focus. The number and sequence of team activities undertaken at the piloting stage should reflect the nature and strategy of the action plan devised by the quality management team.

BTB should begin by testing its original production systems to assess efficiency and ability to ensure quality. Quality tools such as ISO 9000 and Lean production can be used to provide guidelines on system performance and address ways of increasing efficiency. BTB should make adjustments to all systems assessed as falling below standard. This can be achieved through buying new and more efficient production equipment, and through re-designing the transformation system to facilitate superior quality.

Training initiatives must be implemented to all levels of the organisation. Line managers must be trained to become facilitators of continuous improvement, coaching new methods, and leading empowered employees. Employees should be trained to understand the importance of the customer and learn ways in which quality can be managed within their roles. Employees must also be trained to improve their communication skills to help facilitate information sharing throughout the organisation.

It is also recommended that rewards and recognition are given to employees to reinforce commitment and adaptation to new roles. For example, BTB may increase feedback given to employees by line managers and executives to reward commitment to quality and efficiency. In addition to this BTB may consider paying bonuses to reward positive appraisal feedback.

Information and 'lessons learned' from the pilot project must be used by management and the quality management team to make changes and revisions to the original action plan, developing it into a structured and comprehensive multi-year implementation plan. It is at this point that BTB can make the commitment to implement TQM.

Implementation

In this stage, BTB should be concerned with securing the increased participation, shared responsibility, knowledge, skills and capabilities developed from the previous two stages.

Training initiatives must be continued to improve communication channels throughout the organisation. For example, new IT systems could be installed to provide a new company instant messaging system allowing information to be sent instantaneously between departments. Employees should be trained on how to use these new systems and the importance of information sharing as a means of achieving a common goal.

In addition to this, employees must continue to be kept regularly informed of business performance and development. Face-to-face meetings should be frequently scheduled with line managers, informing employees on factors such as individual and team successes to maintain motivation and commitment.

It is recommended that BTB also forms strategic partnerships with suppliers and customers who have developed quality cultures and place value on efficiency and superior customer satisfaction. Strategic partnership will be

beneficial to BTB in allowing them to form mutual relationships with other companies they are likely to work with, making sure that orders arrive on time, to right quality and the right price.

BTB should now be in a position to exploit its internal improvement capability and use it to effectively re-focus its efforts on improving processes to deliver superior customer satisfaction. It should, for example, now focus on re-organisation to customer and market-driven process management.

Conclusion

The success of TQM implementation is a function of many variables (both controllable and uncontrollable), which are unique to the particular company situation. Effective project management determines the success or failure of the implementation project. BTB should aim to tailor its approach to exploit its unique strengths and focus on its particular weaknesses. It would be beneficial for BTB to look into more tactical approaches to TQM implementation; however this is beyond the scope of this assignment.

Recommendations

It is recommended that BTB focuses on a small defined set of improvement priorities that align with its business goals and objectives, and that should therefore be realistically achievable. These include the employment of an effective quality steering group who are effectively managed and resourced, and the set-up of a piloting project to help benchmark and appraise performance. The culmination and fulfilment of these objectives should then

result in a structured TQM implementation plan customised to the specific needs of BTB.

Assignment Conclusion

To be successful in an increasingly competitive environment, organisations must be more adaptive and innovative than ever before in providing a superior quality service. It is essential the organisations address issues of quality and resource utilisation to reduce costs and provide superior customer service with the intention of increasing sales and creating a competitive advantage. Organisations must look towards transforming their culture into a quality culture through TQM, whilst implementing quality tools such as Lean and Six Sigma to diagnose areas of improvement. For organisations to remain competitive, they must continue to invest time and resources in the development of their transformation systems.