

# Qantas: leverage (finance)

Business



Role of operations management contributes most directly to business revenue employs normally the majority of the labor resources interfaces most directly with the business customer/client; Strategic Role of Operations Management The operations allow quanta's to achieve long term survival. The scheduling, cancellation or rescheduling of flights the monitoring and response to an industrial dispute the reallocation of labor to cover absences in key areas Cost leadership To use the least amount of Inputs to deliver one unit of output. Some ways are: Economies of Scale

Standardization- The more variations to Mantas' services ? higher cost  
 Technology- eliminating the need for Mantas staff to be available to interface the customer  
 Waste Minimization- deliver the lowest production cost  
 Differentiation of Product/service the most comprehensive domestic and international coverage Santa includes comfort based features such as sickbeds, special menus, lounges, online check  
 Interdependence with Other Key Business Functions Human resources- Training and development + Recruitment of staff Finance – monitors, records, and analyses the financial transactions Marketing- connects operations with the customer by providing market requirements Influences on Quanta's operations Globalization Launching new airlines= cost minimization needed ethical and social Health surveillance program- workplace conditions monitored Technology Newer planes, newer operational processes = new training Government polices Deregulation and the carbon tax higher costs water conservation, Environmental impacts Purchasing new, environmentally sensitive aircraft, Fuel conservation- a termination energy system reduces power usage Operations processes a.

Inputs Transformed Resources Transforming Resources the resources which are changed by the operations processes Materials- fuel + paper

Information- statistics + transactions Customers – customers are moved resources which effect the changes in the operations process Human

Resources- employees and staff Facilities- terminal buildings + holdings, b.

OUTPUTS Customer service refers to how well quanta's meets the needs of its customers. It provides feedback, expectations and supports continuous improvements/ . C. Transformation processes a. Volume- Quanta's processes millions of people worldwide b.

Variety – Quanta's provides a variety of services, national and international services .

Variation- Quanta's demand may increase during school holidays and Easter.

D. Visibility- the customer can see the workings during operating time and there is a high customer interaction d. Sequencing and scheduling The aim to have products out as fast as possible. Quanta's uses software to help schedule the time between flights, repairs and down time.

In addition, this automates the whole process so there are time savings.

Technology, task design and process layout Technology- increased productivity by replacing human capital and automation, e. G. Online checking Processes occur in the terminal, hangar and maintenance area. The process layout is where machines and equipment are grouped.

Eliminates bottlenecks + saves time Operations strategies Performance objectives Quality- transactions must be accurate Speed- Customers must be processed swiftly (reduce waiting time) Dependability- The service must be

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reliable Processes must be efficient, New product design and development  
Quanta's has launched 2 new airlines in the Asia Pacific area to take advantage of the growth. Quanta's constantly updates services or processes in order to remain competitive and profitable. Supply chain management This is the controlling of the flow of supplies through Quanta's operations, to the final customer. Fuel is purchased, sourced and stored, and moved. Global sourcing- Quanta's sources some pilots from New Zealand, and cabin staff at Asia.

Plane maintenance is done at Malaysia. E-commerce- Quanta's has reduced time-consuming and manual processes. Real-time information can be provided to customers.

Inventory management system This is the raw materials, unfinished goods undergoing transformation and finished goods. Quanta's does not store products to meet customer demands. Quality management Quality control- Inspections are carried out periodically at key stages to make sure standards are met.

Quality assurance – The level of quality at all stages are monitored at Quanta's by measurement against standards. Quality improvement- Quanta's invites staff to participate in brainstorming ideas and suggestions to improve quality,. Overcoming resistance to change Quanta's must respond to change in response to external factors, e. G. Terrorist attacks and the SGF.

Though there are restrictions to this: Financial restrictions Human restrictions Cost of new equipment- Billions have been spent New passenger  
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and screening- over 1 billion dollars from 2001 New IT systems- Inertia- some managers have been unenthusiastic Change in skillset- Engineering staff have started strikes due to arguments over the changes.

Global factors  
 Factor Explanation  
 Global sourcing This is sourcing tasks or components for operations at a cost advantages. Asian cabin pilots have been employed to reduce costs. These are cost advantages due to global expansion. In Asia, working rates are lower thus Qanta's has set up maintenance there.

Scanning and learning Increased globalization = increased competition + new technology  
 Quanta's finds, earns from and tests huge volumes of data so that the systems will suit future customer bases.

Research and development Quanta's researches and develops new methods of improving processes at the airport.  
 Topic 2- marketing  
 Role of marketing  
 Marketing allows quanta's to: Achieve its business goals  
 Identify and satisfy customer needs  
 Give the business a direction  
 Focus on market research  
 Finance- budgets need to be set out for marketing  
 Human resources- staff need to be employed and trained  
 Operations- The operations may physically limit the amount of staff for operations  
 Marketing process  
 SOOT Strengths

Lowering of costs and increased efficiency  
 Largest Australian based airline  
 loyalty programmer  
 Excellent safety record  
 Globally recognizes name and logo  
 Weaknesses  
 Relatively complex fleet  
 High labor and operating costs  
 Union disputes  
 Safety incidents  
 Opportunities  
 Creating a new airline in Asia  
 Developing E commerce  
 Evolving aircraft technology  
 Threats  
 Weakening in the domestic and international market  
 Competition  
 Fuel costs increasing

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Introduction- Quanta's, started a new product and had promoted heavily. The brand awareness was built up. Growth- Profitability increased by 14% in 2010 and routes were expanded. Profitability was achieved for the first time.

Maturity- Sales leveled off and competition increased. Many changes were done to the lounge, planes and checking. Market research Information about customer needs, brand preferences and characteristics were identified. The data source was selected. (Surveys, mail based surveys, complaint monitoring, government statistics, magazines and interviews) Marketing objectives Quanta's attempted to: i.

Maintain the combined domestic market share ii. Grow Starters in Asia iii. Increase customer service standards ' v. Match demand with capacity . Reduces losses in international departments Market segmentation This is the processes of dividing up the total market into small groups.

It enables quanta's to: Better meet the needs of the customers Better tune the marketing mix to certain groups in the market.

The leisure segment is divided into holiday, visiting friends and relatives. Marketing strategies Positioning i. This is the image that Quanta's has in comparison to its competitors. There may be an image to competitors and the target market. Marketing mix Product This is the benefits and attributes designed to suit the customers needs.

They include scheduling features, Frequent flyer schemes (points are earned towards free tickets) , intangible benefits (safety and reliability) and the brand name. Price This is the cost of the service to the customer.

Pricing methods used are: Cost plus margin- Quanta's adds a percentage on top of the COGS Market- Quanta's lowers Competition- Quanta's may lower costs if the competitors are decreasing prices Pricing strategies include: I. Price penetration- reducing prices to gain market share I'. Loss leading- Quanta's made a loss in the short term in order to compete against there competitors, Promotion This is the methods that an organization uses to communicate its products for radio, newspapers and posters.

Some strategies are: Advertising – utilizing agencies to create media ads for TV, radio, and print media I. Quanta's had spent 44 million dollars in 3 years in order to target corporation. It. Quanta's produced and displayed an advertisement at the Athens Olympics. A.

Publicity- utilizing news releases, press conferences and interviews I.

They supported clean up Australia day, world vision and cultural activities such as the Sydney dance company. B. Sales promotions- short term inducements during times of huge demand I. Quanta's released 10000 tickets at 49 dollars to promote their airline. Place This is how the service will reach and be distributed to the consumer.

It can be direct or indirect. A. Direct (selling directly to the customer) I. Sales via travel centers called “ Quanta's holidays” it. Airport ticket sales iii.

Online – Quanta's receives over 8. 4 million hits per month, b. Indirect (using intermediaries) I. Quanta's has relationships with travel agents, such as flight centre and American express.

People This is the appropriate use of the right staff and people.

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. Qanta's customers have direct contact with employees on the ground, and due to this, the staff must have the right personal attributes and training.

Processes This is the systems used to assist the organization in delivering the service. The way the service is reflects on Quanta's. Recently, Quanta's introduced, " Q Bag Tag" where passenger can drop their bags and go.

Physical evidence This is the environment which allows the consumer again to make judgments on the organization.

E. G. Terminals and the website design. Global marketing This is an extension of marketing across national boundaries.

Some global marketing trainees that have been utilized are: Global branding  
The same brand/logo (flying kangaroo) increases revenue and growth + recognition  
Packaging and designing costs are reduced.

This is the standardizing of the many elements of the marketing mix. Allows economies of scale to be achieved. There is the " one world" name and logo on all planes + tickets >> improves corporate image + captures greater share. Customization This is the ability to differentiate the marketing to target different markets. Quanta's adjust/tailors its marketing based on the markets.

Japanese markets will have Asian dishes and Japanese fluent speakers.

Implementing, monitoring and controlling the marketing plan

Implementation- the process of turning the marketing plan into action.

Quanta's undergoes, monitoring, controlling and adjusting marketing via:

Developing financial forecasts of revenue using past sales data and surveys.



Estimations are then done after. Comparing actual and planned results- done using (sales analysis + market share analysis + market profitability).

They reveal the current situation of the business. Revising marketing strategies and taking action. Quanta's revised its marketing by reducing prices to stimulate demand, reduced flight recurrences and cancelled orders for new planes.

Topic 3- finance Role of financial management To manage the financial resources effectively and efficiently so that Quanta's may achieve its financial objectives such as growth, efficiency and return on capital.

Interdependence with other key business functions Marketing- marketing is needed in order for finance to be generated.

Human resources- funds are required to remunerate staff and train staff.

Operations- funds are required for the daily running of the business.

Processes of financial management Financial statements Financial statements must comply with corporate, account standards and laws. Some financial statements include balance sheets, revenue statements and cash flow statements.

Comparative ratio analysis Comparative ratio analysis allow Quanta's to determine whether they are doing better comparison involves efficiency, gearing, profitability and return on owners equity.

Profitability ratios- These ratios indicate the profits and the performance of the business. In 2009, due to the SGF, there was an 89% drop in profits.

Liquidity ratios- This measures the ability for quanta's to meet short term

debts. In recent years, the liquidity ratio decreased to .93: 1 meaning that their ability to pay debts lowered.

Gearing- this is the ability to continue the operations, as well as to measure financial stability. Qanta's gearing increased meaning that there was a risk of not being able to run the operations.

Efficiency- this is the ability to manage its assets to make a profit. In recent years, quanta's efficiency has been around 80%. (80% of the money was used to generate profits). The processes of financial management- planning and implementing Financial management strategies Gearing control he gearing was controlled by: canceling orders for planes deferring purchases of assets Liquidity control The liquidity was controlled by: Controlling current assets Controlling current liabilities Leasing more non current assets, e.

G. Planes and buildings Profitability management Efficiency control new and more efficient planes were purchased New IT systems were implemented Catering and engineering were restructured.

Revenue controls The revenue was controlled via: Setting clear sales objectives and breaking them down Discounting airfares to maintain loads Reconfiguring its planes with more economy class seats Cost controls Quanta's reduced its costs by 20% by: Cutting flying capacity and cutting services back Canceling orders for new planes Fuel conservation Limitations of financial reports Quanta's reports: Attached comprehensive notes to its statements to help stakeholders Were distorted due to special circumstances (cyclone ways and natural disasters) Different accounting procedures were utilized. Did not disclose when their debts needed to be paid Ethical and <https://assignbuster.com/qantas-leverage-finance/>

legal aspects of financial planning and management Quanta's must abide by ethical and legal responsibilities in financial management.

They have done this by: Having accounts which are certified by professional accounting bodies .

Abiding by the corporations act. Having the financial reports independently audited. In 2007, Quanta's agreed too takeover by Manchuria bank for 11. 1 billion dollars, but this was not discussed with shareholders. As a result, the takeover did not occur. Global financial management Exchange rates- This is the value of one currency against the other.

\$Au >> OTHER appreciation – fuel, payments and capital expense are cheaper. Australians are less likely to travel overseas as its more expensive Au reducing costs and improving competitiveness. In addition, there is much more flexibility to cope with the peaks and troughs in demand.

There is a higher proportion of woman in senior roles. There is a more culturally and ethnically diverse workforce.

(due to migration and globalization). Processes of human resource management Process explanation Acquisition This is the identifying of staff needs in recruitment and selection. This involves a Job analysis so that the Job description (defines the scope of activities) can be produced. The possible candidates are tested and examined. Development This is the developing of the ability to adapt employees to the Job.

Training is done on the Job (internships and Job rotation) and off the Job (online courses). This reduces accidents and increases efficiency and the

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quality of services. Maintenance This is the maintaining of the employee's interest and motivation in the Job. It can be achieved via remuneration (compensation) via 2 ways or both: This is paying the employee salaries or rates for their services Providing intrinsic benefits e. G.

Flexible times and increasing parental leave. Separation With the SGF, many employees involuntarily separated. Strategies in human resource management Leadership style The autocratic leadership style was utilized in the asses where management had the most power over decisions. In recent years, it has been more democratic and employees have a larger say into decision making. Job design The various components of Quanta's are organized based on functions.

The entire Job from the baggage handling to the planes is set so that it is as efficient as possible.

Though, the strategies utilized are; Job enlargement – giving a more varied task list to employees Job rotation- allowing employees to move to different tasks Job enrichment- allowing employees to be more responsible and interdependent Recruitment Applicants are attracted for various Jobs. Internal (filling vacancies) and external recruitment (from the outside) methods are utilized. Training and development This is done to increased the performance of employees. Pilots undergo over 22000 hours in training and the “ Quanta's college online” is utilized to allow staff to learn online.

These activities have increased productivity, improved services and enables them to have a more committed workforce. Performance management Employees are assessed and measured against benchmarks.

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E. G. Quality, no. Of output) . This motivates poorer performers to do better.

The objectives are to: To provide a basis for payments To assess the success of training and development To clarify performance expectations Rewards  
These are benefits to the employee for their service so that they may stay motivated and consistent. They may be: Monetary- These involve wages and salaries. Higher performers in Quanta's gain a higher pay (as a bonus). Superannuation, company cars and maternity leave are provided. Non monetary- These are intrinsic benefits, e. G.

Job recognition, promotion and good relationships. Dispute resolution  
Quanta's has methods of dispute resolution such as : grievance procedures, negotiation, mediation and court involvement. In 2011, the strikes from engineers, pilots and ground staff occurred due to the fact that quanta's would not agree to the terms of a 3% annual rise. Industrial action occurred. Eventually, arbitration was needed and all the parties had to agree. This was ratified by fair work Australia.

Effectiveness of human resource management The effectiveness of human resource management is important as there is no point in implementing costly HARM strategies without measuring how successful it has