

Improving operations management at british airways management essay

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



Operations management is very concern of business area with the production of goods and services, and involves to ensure the responsibility that business operations are efficient in terms of using as little resource as needed, and effective in terms of meeting customer requirements. It is also concerned to manage the process that converts inputs (in the forms of materials, labour and energy) into outputs (in the form of goods and services). Operations traditionally refers to the production of goods and services individually. Operations Management aims to increase the content of value-added activities in any process.

The origins of operations management can be traced back through cultural changes of the 18th, 19th, and 20th centuries, including the Industrial Revolution, the development of interchangeable manufacture, the Waltham-Lowell system, the American system of manufacturing, scientific management , the development of assembly line practice and mass production etc.

Always Operations management focuses on very carefully managing the processes to produce and distribute the products and services in the market among customers. So like every organization, British Airways Plc has an operation function to involve the service, operation procedures to its customers or its clients. In recent economic environment, airline facing worst time now a days in aviation history where the British airways is set to suffer in its operation management though it is considered as the world's favourite airline. Recently this organization is facing a numerous difficulties in their corporate sector which effects their operations management specially

performance, reliability, maintenance etc. This study represents the operations management of British Airways plc in the recent financial environment. It also critically analyses these factors in which key factors of operations management for evaluation and provides some recommendations as an action plan.

History of British Airways:

British Airways is the UK's largest international scheduled airline, flying to over 550 destinations at convenient times, to the best located airports. British Airways is the world's leading global airlines. Whether customers are in the air or on the ground, British Airways takes pride in providing a full service experience. The British Airways group consists of British Airways Plc and a number of subsidiary companies including in particular British Airways Holidays Limited. It carries more passengers than any of its competitors and it is also the seventh biggest cargo airline in the globe.(<http://www.ciber.co.uk>).

British Airways PLC is the largest international airline in the world. It is based at Heathrow Airport in London, the busiest international airport in the world and it has a global flight network with such partners as USAir in the United States, Qantas in Australia, and TAT European Airlines in France. British Airways serves 95 million passengers a year using 441 airports in 86 countries and more than 1, 000 planes. It has more than 60, 000 employees in around 100 countries globally.

Aims and objectives:

To provide a critical evaluation on British Airways operations management

To justify the British Airways action plans involved with operation management.

And to recommend an action plan to improve operations management.

Methods:

Secondary data has been used in this study because of easily accessible.

Sometimes it can be best method of obtaining information for some specific area when it is difficult to get the direct collection data.

Problems facing in its operations:

Branson filed suit against British Airways in 1991 so various filed suits damaged British Airways' reputation and led to comments " BA now looks like an anxious, overbearing giant trying to squash a feisty little rival." With its Virgin difficulties continuing, British Airways' overseas partners suffered huge losses: in 1993 Qantas lost \$271 million, while in 1994 TAT lost \$60 million and USAir lost \$350 million. Even though British Airways was struggling with its alliance strategy, the real test of its global strategy lay ahead with the long-awaited 1997 deregulation of the European airline industry.

British Airways leads a wide range of routes in the world. Recently the Heathrow based airline has enlarged terminal for holding their image, which is Terminal 5. According to a study by the association of European Airlines,

starting during their operation periods BA has lost the luggage of an average of 9 passengers on every jumbo jet flight in 2008. BA was bound to force to cancel more than 200 flights in the days following the opening of terminal 5 after computer log-on failure for luggage handle sparked chaos.

(<http://www.telegraph.co.uk/travelnews/6459725/williewalsh-plans-for-Britishairways.html>).

There is the global slowdown in the travel industry after global recession Bookings were sharply down even before the atrocities committed in New York and Washington. International travel reservations company Amadeus reported that airline bookings had slumped 28% worldwide, and by 74% in the United States alone. The biggest problem is a sharp fall in first class and business class passengers. Cargo volume declined 9.8 percent (<http://www.joc.com/node>).

If staff – angry over planned job cuts and changes to work patterns – opt to walk out, the earliest date for a strike could be December 21 2009. BA plans to reduce the existing number of 15 service crew members on long-haul flights by one later this month and has proposed a pay freeze for two years.

(<http://www.brisbanetimes.com.au/travel/travel-news/british-airways-christmas-strike-threat-looms-20091104-hw9z.html>)

British Airways faces £250m threat to profits as open skies era takes off in terminal 5.

Investors are smarting as well. BA's shares currently trade at about 150 pence. In May 1997, they were priced at 760p.

Instead of breaking even this year – following a string of quarterly losses – analysts now expect the airline to report a £200m loss by the end of the year. In the past four months alone BA shares have lost more than 60% in value and 42% since the eve of the attacks.

Insurance costs are going up too, with several airlines including BA reporting that their insurers are demanding 10 times the normal premium.

(<http://news.bbc.co.uk/1/hi/business/1554362.stm>)

The reasonable facts that leads the worst situation in its operations:

British airways is not currently profitable. The following facts can be considered for their recent fall:

Global recession: People are fancy for tourist purposes. Due to global recession tourists are not interest to go for holiday. So it effects it profitability. In its attempts to get back into profit, the company focused on exactly these groups of passengers like specially business people, holiday makers. It affects the fare of the flight, competitive market price, less fare fixed by the competitors with the same facilities.

Fuel price: Day by day oil price is going up due to high demand in the world. International civil aviation is trying to cut flights for reducing the use of fuel, therefore it is an environmental issue as well. If Oil price stands extremely

high levels, BA expects its fuel bill for the current year to jump by 1 billion that represents about 35% of annual costs. So finally losses for global aviation would reach 3 billion this year and respectively 2.3 billion in next year. (<http://www.gurdian.co.uk/business/2008/sep/britishairways.theairlineindustry>).

Brand name: British airways is a establish branded houses, the best possible brand architecture for employer branding, service business and brand strategy- key disadvantages is its vulnerability to crisis. For example Terminal 5 hit 1005 of the brand all over the world.

(<http://www.brandingstrategyinsider.com/2008/04/brand-crisis-an.html>)

Creativity in Action: The airlines themselves have become more creative in their thinking and in the way in which they approach many problems. Not everyone, however, is always happy with outcome of such creativity, as was evidenced in the reaction of some distinguished members of the public to the novel tailfin logo adopted by British Airways in 1998. In recent years airlines have become to pay more attention to the logo on their aircraft, seeing it as an important way of portraying their brand image. The overall effect makes the new planes look a lot less like flying Mounties. British Airways, too, has had its dose of creative thinking. An effective internal marketing programme was based on the notion that employees would not treat customers better until they themselves were treated better.

Terrorist attacks: British airways has reduced its operations in Middle east, South east Asia. BA's most important partner American Airlines, is in deep

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trouble. For terrorist attacks, the US airline has cancelled 20% of its flights and sacked 20, 000 staffs.

Current initiatives taken by strategic level to survive:

BA is one of the leading airlines in the world. The strategic level of BA's management is finding easy way how to overcome the crisis. They are:

Reducing costs: According to cost saving programs by the CEO, Willie Walsh, To reduce the costs 1700 cabin crew's job will be cut, freezing pay, taking a voluntary redundancy and a further 3000 switching to part-time working but they claimed there would be no reduction in customer services.

(<http://www.itn.co.uk/ad7a0e5a533d5145759b6281672fc053.html>)

(Online) (Accessed on 28/10/09)

Reducing flights: Cutting 5200 jobs it has reduced 10% of all flights specially in Middle-east, Japan, Hongkong, North korea, South-east Asia example Bangladesh and some parts of Africa but it did not help to boost BA's share.

(<http://www.bbc.co.uk/1/hi/business/1554362.stm>)

Reducing stuffing: A Boeing (BA) 747 jet from a current complement of 15 to 14 against a legal minimum of 12 in that case CSD (Customer Service Director) will start serving customers.

New market segmentation: BA is now looking for new market segmentation in Europe, North and South America for new business.

Staff to work unpaid: CEO asked staffs to work unpaid for a month as he himself did not enjoy his salary of June 2009. But this proposal has been refused by the trade union as well.

Recommendations:

It is recommended that reducing the staff salary is to be a key factor to BA's endurance. According to the Civil Aviation Authority cabin crew and pilots of the BA are paid up to approximately double as much as competitors. The standard salary for BA's cabin crew including bonuses and allowances, is £29, 900, whereas £14, 400 at Virgin Atlantic and £20, 200 at easy Jet. Pilots earn an average of £107, 600, whereas £89, 500 at Virgin and £71, 400 at easy Jet. The physical facilities, equipment and appearance of personal associated with the service should be promoted. They should be more willingness to help customers and provide prompt service and established profit sharing. The personal posses knowledge and skill need to convey trust and confidence. According to their vision, British Airways (BA) needs to ensure their customers fly smoothly and friendly to everyone. British airways should consider their high price compare to other giant airlines company's i. e. virgin. Finally, BA should aware about international politics such as terrorist attack, fuel price fluctuation for Middle East uncertainty politics.

Conclusion: British Airways plc should be more careful a about global business strategy and operation. If they consider how to overcome the problem then they will see more profit margin.