

# Silk air case

Business



Silk Air Case: Formed in the year of 1976, originally as a charter company, Silk air is a wholly owned subsidiary of Singapore Airlines. Now Silk Air operates for 38 international destinations in 11 countries. In my point of view, Silk air has a major flaw in its organizational structure. The original structure comprises of total six components including the top managerial department.

(refer to Appendix 1). The rationale for this is explained as that most of the operations are handled by Singapore Airlines in terms of marketing, and most of the HR and Planning is a part of Singapore Airlines' concerns. The original structure consists of a CEO as the top managerial department, which is shared by Singapore Airlines. Then moving down to Operations, Chief Pilot, Sales, Finance and HR and Service, Quality & Engineering handled by the one department. The major disadvantage of this structure is that the main components of the service industry are the part of one department. As given in the case, one of the major issues is the increasing number of complaints about poor staff service at help desk and check-in; the service quality department should be separated and the issue should be given more focused attention.

Increasing number of complaints about flights either overbooked or delay or 'no-show' by passengers, is the concern of sales department. The proper allocation of passengers and communications should be divided into 2 sub-departments. Another issue which was mentioned in the case was that the reduction of cleaning of aircraft after every flight. This is another disadvantage of putting service, quality and engineering into the same

department. Tasks are not given individualized attention which as a result affects the overall service quality of the airline.

The last and the most concerned issue these days is the extending payments of the suppliers. Businesses these days extend the payments to maintain the cash flow of the company as it is the easiest methods for the companies to incorporate. This not only affects the host company but it affects the whole cycle of the distribution chain as well as manufacturing. The new organizational structure is a tall organizational than formerly flat structure. Tall structure gives every department a specific role to play. (Refer Appendix 2) Especially, the important departments are not burdened with tasks which are not related to that department.

Sales department comprises of 2 very specific roles of communications and ticketing and planning. This will allow the department to plan and execute the allocations of passengers and ticketing, which will reduce the complaints of overbooked flights and will be able to deal with ‘ no-show by passengers’ situation. Increased baggage handling issues should also be dealt by operations and planning department as it is a part of after sales and allocation of passengers. Service complaints would be dramatically reduced by incorporating a whole department for quality management. This department will carry out the functions of handling the quality issues and customer service like, check-in staff and help desk. For the issue of extending of payments, finance departments should come up with new policies and agreements for the suppliers and buyers for the favorable and appropriate time to complete the transactions.

Silk air mostly follows the finance policies made for Singapore Airlines. There should be a difference in policies of both the airlines as, Singapore Airlines is a much bigger company in terms of operations and finance, and also different in terms of branding. Appendix 1 [pic] Appendix 2 [pic]