

# Cathay pacific: spare parts management process

[Business](#), [Management](#)



They have one spare parts management process but It has some drawbacks and Issues need to be addressed to refine the process and to Increase Its efficiency. First main point Is that these aviation spare parts Is very expensive and thus has very adverse effect on Cathy Pacifism's balance sheet. They have sufficient inventory of these spare parts but of which significant percentage of parts are dead and inactive stock. They can't simply get rid of these parts because for aircraft safety certain parts are necessary and can be required at any time.

The usage pattern of these spare arts is highly unpredictable and thus, future demand forecasting is another challenge task for Cathy Pacific.

Aviation spare parts are mainly divided into two categories Critical and non-critical. Critical spare parts market is mainly dominated by the MEMO (Original Equipment Manufacturer) suppliers where as there are many suppliers for non-critical spare parts and the switching option is available.

However, this switching option Is not recommended as these switching costs are very high. Cathy Pacific use IT system for spare parts management but they don't have elaborative IT system which

facilitatescommunicationbetween Cathy Pacific and their suppliers. Cathy Pacific Airline needs a procurement process improvement to ensure the proper availability of spare parts at the very right time and the place where the part is required. Solutions: Global sourcing.

This means reducing the number of suppliers and the selection of suppliers which are spread across the world. The reduced number of suppliers and the sharing of IT systems will help to build the trust amongst them and to build

the long term relationship. Cathy Pacific already has its hubs in different continents. Selecting the suppliers' close to these hubs will be a good move in the process of amelioration of supply chain. This will help to reduce the links in the existing supply chain and to reduce the length of the journey. Election of few suppliers with long term relationship will help to extend the IT systems and develop a collaborative system which will be beneficial for all and will result into minimum transportation costs and transportation time to the place of demand. The alliance of different airlines will also be useful to reduce the suppliers' power in case of critical parts and also help to share the inventory of spare parts. They are already doing this and have to continue to promote such types of activities.