

The transformation change in british airways

Business



Case Study: British Airways The transformational change in British Airways was necessary in surviving the hypercompetitive airline industry and adapting to changing economic conditions or trends. It entailed not only keen planning, effective implementation but also severe sacrifices, patience, and team work. It is both attributed to their leaders for their foresight and to employees for playing a major part on the implementation side.

1. In the 1980s, British Airways was prompted to make some reactive changes basically to survive given the drastic shifts in both external and internal environment. The major external trigger was the recession in UK that trimmed down passenger numbers and increased fuel prices considerably. To make matters worse, BA had low productivity despite the fact that it was overstaffed with 58, 000 employees, lacked economies of scale despite the merger of BEA and BOAC, and had high customer dissatisfaction level that led to poor image. On top of these situations was the critical cultural rift amongst leaders and employees. Divisional differences were very evident taking into consideration that there were two chairmen, different set of executives, and detached marketing strategies.

2. These were the issues faced by BA in order to survive and to be a competitive player in the airline industry. In terms of change order, it can be inferred that the second-order change was implemented as evidenced by their significant reengineering of business focus and strategic direction. Previously, BA was very product-oriented and their main concern was " flying the British flag". Their initiative was more on engineering, design of planes, and increasing plane routes in Europe. They forgot the critical importance of customers in the equation hence customer dissatisfaction became synonymous with the name BA. In contrast, the new direction taken by Lord <https://assignbuster.com/the-transformation-change-in-british-airways/>

John King and Mr. Collin Marshall gave more emphasis on the human aspect of business embodied in the universal term called customer service and satisfaction. These efforts fundamentally altered the way of thinking and doing business in BA.

3. Culture and people played the major levers used to effect the new direction. On the side, systems lever was also reengineered to put more emphasis on service marketing and reward systems. The important first step was to break the previous product-oriented culture and to infuse the value of customer service as the new way of doing business. Several programs were implemented and very notable was PPF or Putting People First wherein employees were trained to gauge customer service in different perspectives and different settings. This helped employees to be emphatic in implementing the customer service efforts initiated by BA. As an offshoot of this program, several agenda like MPF (Managing People First), A Day in the Life, Brainwaves, To Be the Best, and Awards for Excellence were introduced with the objective of enforcing the significance of customer satisfaction and rewarding those who implement the programs religiously.

4. BA's initiative already reached the Generating Short-term Wins stage considering that PPF and other customer service initiatives were already implemented and proven effective in rebuilding the company image. These efforts became more effective when Transformational Leadership Model was employed. Mr. Marshall's effort in motivating people, considering individual or group perspectives, and celebrating milestones or success were very effective in reshaping and developing a new culture in BA. An important component showed was Mr. Marshall's individual consideration, charisma, and passion to improve customer service by coaching vigilantly most

<https://assignbuster.com/the-transformation-change-in-british-airways/>

employees and listening to passengers' insights. His effort together with their customer service programs like PPF catapulted BA to one of the best airlines in the world.

5. BA's change of culture can be judged as successful in general. The critical success factors are vision, execution, and focus. The vision of company was efficiently cascaded from top management to rank and files. It aligned all divisions to achieve common tasks and resolve common issues. This initial step was substantiated by strict implementation of all projects to actualize the said vision. Finally, BA had a clear focus that is customer service. The indirect yet intensive approach in shaping culture proved to be effective taking into account that employees became very receptive in the end. The interplay of these factors proved beneficial to attain BA new direction and strategies. However, BA failed to adjust their change efforts during the 90s and did not consider relevance of their programs in that period. This will be very critical in their long-term survival plan.

Reference

Igulis, I & Wilkinson A. 2001, British Airways: Culture and Structure Retrieved March 26, 2006, from www.lboro.ac.uk/departments/bs/research/2001-4.pdf